# 2005 HARD ROCK MINING IMPACT PLAN

## For the

## Mines Management, Inc.
## Montanore Project

**Draft Report for Public Review**
**October 7, 2005**

Mines Management, Inc.

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**Draft Report for Public Review**

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# Executive Summary

## Impact Plan History

In 1990, Noranda Minerals Corp., the original developer of the Montanore project, filed its proposed Hard-Rock Mining Impact Plan with potentially impacted local governmental units in Lincoln County. A 90-day review period was commenced, and the plan became final in March 1991. The plan was completed in compliance with Montana's Hard Rock Mining Impact Act.

Before the study began, communities in both Sanders and Lincoln County, Montana were investigated to see what the potential impacts would be as a result of the Montanore mining project. Both counties were looked at because the ore body was mainly in Sanders County but the mine and mill facilities were to be located in Lincoln County.

After the investigation was complete, it was determined that due to the commuting distance from the mine site to Sanders County, approximately 85 miles, in-migrating mine workers were not expected to establish residency there. Therefore, no net fiscal costs to local government entities in Sanders County were anticipated or addressed in the original Hard Rock Mining Impact Plan.

In 1993, Noranda received all permits necessary to develop the mine, but never did, abandoning the project in 2002. At that point, Mines Management, Inc. became the project operator, and initiated reauthorization for the mine. As a part of this effort, Mines Management submitted a plan to the United States Forest Service and Montana Department of Environmental Quality for their review and comment.

This document updates the original Montanore Hard Rock Impact Plan with current information, anticipated mining production levels, and a new baseline forecast. However, this report continues to assume that Sanders County does not have workers migrating into the county due directly or indirectly to the Montanore Project. Consequently, only the increased fiscal costs to units of local government in Lincoln County are addressed in this updated plan.

## Scope of Analysis

The fiscal impact analysis for this Hard Rock Impact Plan is concerned with increased local government costs and revenues as a result of Montanore. Should costs to local governments exceed expected revenues attributable to the Montanore Project, negative monetary impact may occur to the local governmental jurisdictions. The Hard Rock Mining Impact Act allows local governments to negotiate mitigation of financial impacts if a large scale mineral project is determined to have an adverse monetary impact on these entities.

As was done in the 1990 impact plan, fiscal impact costs were calculated by using the case study method of cost-revenue analysis. Impact costs to local governmental units were analyzed in terms of expected additional capital outlays, personnel, and support or operational costs. Impact costs were estimated on a per capita basis using the fiscal year 2003 expenditures for Lincoln County and local governmental units, attributable to all in-migrating workers and their families. Per student costs were added to the costs for children of in-migrating workers. Impact revenues were estimated using the Lincoln County portion of the Metal Mines License Tax, the Lincoln County portion of the Gross Proceeds Tax of Metal Mines, Montanore property taxes for Class 4 and Class 8 properties, as well as property tax revenues for homes purchased by in-migrating direct and indirect workers and commercial tax revenues as a result of increased commercial activity due to the Montanore Project and its direct and indirect workers.

## Basic Employment

The employment figures are annual estimates of Montanore's actual employment needs at the time of construction and operations. Construction will commence during year one with the hiring of approximately 135 employees and will last approximately four years. Construction employment will peak at 155 employees during year two. During year three and year four, construction employment will be less than 65 employees. Total operations employment during year one will be only 30 employees, and is expected to peak at 246 employees during year three of the project.

Additional employment will be generated as a result of Montanore's budgeted local purchases. These direct employment figures were calculated using the Census Bureau's 2002 Economic Census value of shipments per dollar of payroll. The value of shipments per dollar of payroll would be $3.47. The annual wages per worker for these mining support services was an average of $36,095. Therefore, Montanore's budgeted local purchase of $6.45 million during year one of the project is expected to generate 52 direct jobs. Montanore's budgeted local purchase would peak at $27.05 million during year five, which would result in 216 direct jobs.

Total direct employment from construction, operations, and local purchases is expected to peak at 490 employees during year four. Following completion of construction at the end of year five of the project, total employment should level off to 462 workers and remain at this level throughout the life of the mine.

## Impact Methodology

The economic impact analysis used herein measures the initial infusion of payroll and local expenditures into the local economy and then computes secondary reactions caused by these funds. This is considered an export base approach. Basic industries are those economic activities that cause money to flow into Lincoln County, in exchange for the export of a good or service. A secondary benefit is realized when this money is re-spent in the Lincoln County economy, generating additional employment and income. This

secondary benefit is called the non-basic impact. These expressions are used interchangeably in this document with the terms *direct* and *indirect*, respectively.

## Non-basic or Indirect Employment

In addition to the projected employment created by the construction and operation of Montanore, the Montanore Project can be expected to stimulate increased economic activity and employment in various trade and service sectors of the local study area, the non-basic sectors.

Total non-basic employment is expected to generate about 308 jobs in year one, peak at 664 employees during year four, and settle to about 601 jobs in year five and thereafter.

## Local Hire Assumptions

A hiring ratio of 80 percent local employment and 20 percent external employment has been used to predict impacts for this study, as it relates to direct project employment. These figures are based, in part, upon Mines Management's experience with hiring practices at other mineral developments; upon local hiring ratios reported for other energy and mineral developments in Montana, Wyoming, and North Dakota (Mountain West Research 1975); and a labor market survey conducted during May/June 2005.

Montanore assumes that 90 percent of non-basic employees would also be hired from the local study area. While no data exist for non-basic local hiring ratios and Montanore has no control over the hiring policies of local governments and businesses, it is assumed that most non-basic employment jobs could be filled by the local available work force, as local unemployment rates indicate sufficient labor force availability.

## Family Size

The average family size of in-migrating mine workers depends not only on demographic characteristics of the workers, the percentage of workers married with families, and number of children, but also on the particular phase of the mine development, such as construction or operations. Most environmental impact statement reports that have been prepared for Montana mining projects have assumed homogeneity in the family size of workers with respect to construction and operations phases. However, other studies (Mountain West Research 1975, Leholm, et al. 1975, Wieland et al. 1977) have concluded that family size may vary depending upon the type of employment, direct or indirect, and phase of the project, construction or operations.

For preparation of this impact plan, different family sizes were assumed for the construction and operations phases of Montanore and for the type of employment: basic, non-basic and direct employment. The following narrative describes the assumed family sizes for construction, operations, and direct employment due to local purchases by Montanore.

**a. Construction Phase**

Several monitoring studies and surveys (Mountain West Research 1975, Leholm et al. 1975, Wieland et al. 1977) indicate that in mineral and energy-related developments, the number of dependents accompanying the worker and, consequently, the overall family size for in-migrating workers is 20 to 30 percent less for construction than for operational workers. The primary reason for this smaller family size of construction workers is due to the assumption that the worker either commutes to the project site or establishes a temporary residence in the study area during the construction phase and the family remains at the place of permanent residence.

Sixty percent of the in-migrating construction employees hired by Montanore are expected to be married with families present and, on the average, have 0.83 children per married family or 0.5 children per worker. The family size of 2.10 for contract construction employees is approximately 35 percent less than that for operations workers employed directly by Montanore; however, it is consistent with estimates derived from monitoring studies for western mineral and energy developments. For example, in a comparison of related worker characteristics for North Dakota Coal Mines, it was found that the family size for in-migrating workers was 2.24 compared to 3.37 for in-migrating operational workers (Leholm et al. 1975).

**b. Operations Phase**

During the operations phase, the average family size of the in-migrating mine worker is expected to be 3.1 persons. This family size assumes that 80 percent of the in-migrating operations workers would be married with families present and that the average number of children per family would be 1.625 per married family or 1.3 per mine worker. These figures are consistent with data reported by Stillwater County for the Stillwater Mine Complex (John Beaudry, pers. comm., January 1988).

**c. Direct Employment (local purchases)**

This impact plan assumes that the family size of in-migrating direct employees would be the same as in-migrating operations phase employees, 3.1 persons per family. Also like operations phase employees, 80 percent of the in-migrating direct workers are assumed to be married with families present and 1.625 children per family or 1.3 children per mine worker.

The total number of construction in-migrants would peak during year two at 65 persons. Operations workers with families would peak during year three at 153 persons. Family size of direct employment workers would peak during year five of the project at 134 persons.

This impact plan assumes that family size for in-migrating non-basic employees would be smaller, 2.1 persons per family. Sixty percent of the in-migrating non-basic

workers are assumed to be married with families present and 0.823 children per family or 0.5 children per in-migrating worker.

The total number of non-basic construction in-migrants would peak during year two at 50 persons. Operations workers with families would peak during year three at 80 persons. Family size of direct employment workers would peak during year five of the project at 46 persons.

## Settlement Patterns

Impacts to local governmental units within the study area due to in-migrating workers and their families depend entirely upon where the in-migrants choose to reside. One of the most important factors in settlement decisions is commuting distance to the project site. Workers generally wish to reside close to the project site to reduce commuting distance, provided that adequate services such as schools, shopping, and housing are available. Because such services are usually related to the size of the community, in-migrants tend to live in or very near more populated areas where they may obtain these services.

The available housing stock is also a deciding factor in where in-migrants would choose to settle. The impact plan assumes the 2000 Census occupancy rates for housing patterns of the in-migrating workers.

## School Participation Rates

The term "children" as used in the context of this report is defined as the number of children between the ages of 0 and 19 living at home. To estimate the number of elementary and high school students accompanying in-migrating mine workers, ratios were developed based on the current and projected Lincoln County school enrollment statistics and on the estimated number of children aged 0 through 19 living in Lincoln County during 2003.

School participation rates were distributed based on the gravity allocation model, and enrollment in the Libby, Troy and Eureka school districts. Further, it was assumed that 70 percent of the children in the rural portions of Lincoln County would be enrolled in the Libby School District, 20 percent in the Troy School District, and 10 percent in the Eureka School District.

## In-migrant Costs

Costs to the local government were calculated based on the anticipated expenditure associated with in-migrating workers. Impact costs were estimated on a per capita basis using the fiscal year 2003 expenditures for Lincoln County and local governmental units for in-migrating workers and their families. Per student costs were added to the costs for children of in-migrating workers attending school.

Total basic employment costs due to in-migrating workers are expected to increase from $253,797 during year one to $813,366 during year five. Total non-basic employment costs due to in-migrating workers are expected to increase from $128,987 during year one to $255,531 during year five.

## In-migrant Revenues

Direct impact revenues to units of local government were estimated using four taxes paid by Mines Management, Inc., which are directly attributable to the Montanore Project. These are the Montana Metal Mines License Tax, the Montana Gross Proceeds of Metal Mines Tax (a class 2 property tax), Montana Property taxes for land and improvements (class 4 property), and Montana Property taxes for business equipment (class 8 property). Additionally, impact revenues were computed for property tax revenues for residential properties of both direct and indirect in-migrating homeowner population, and commercial tax revenues as a result of increased commercial activity due to the expected in-migrants.

Property tax revenues were computed for in-migrating workers that would purchase homes in Lincoln County. Property tax revenue calculation assumed an average home price of $125,662 per in-migrating homeowner. The average home price value is a weighted average of existing single family and mobile home prices in Lincoln County.

Property tax per in-migrating homeowner was calculated by applying the property taxable rate of 3.3 percent, and a mill levy rate of approximately 630 mills. Commercial taxable valuation was calculated at the 2003 commercial/residential ratio of 0.17 percent for each in-migrating worker in Lincoln County. Total basic revenues due to in-migrating workers are expected to increase from $67,125 during year one to $154,837 during year five. Total non-basic revenues due to in-migrating workers are expected to increase from $45,417 during year one to $88,596 during year five.

## Net Impact to Fiscal Operations to Units of Local Government

Total costs to units of local government as a result of the Montanore Project would increase from $382,784 in year one to approximately $1.07 million in year five, when the mine and mill operations are at full production. Total property tax revenues would increase from about $202,500 in year one to nearly $5.9 million during year five. Net impact would therefore increase from -$180,242 in year one to over $4.8 million in year five. While not directly impacted by the Montanore Project, Sanders County receives $208,000 in gross proceeds tax in year four and $546,000 in year five. These data are portrayed in Table A, on the following page.

# TABLE A
## NET LOCAL GOVERNMENT FISCAL IMPACT DUE TO MONTANORE
**DRAFT FOR INTERNAL REVIEW**

| Subject | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| Direct Worker Local Government Costs | 253,797 | 563,239 | 786,312 | 798,962 | 813,366 |
| Indirect Worker Local Government Costs | 128,987 | 236,679 | 277,825 | 281,063 | 255,531 |
| **Total Costs to Units of Local Government** | **382,784** | **799,918** | **1,064,137** | **1,080,025** | **1,068,897** |
| **Revenues** | | | | | |
| Montanore Taxes: | | | | | |
| Metal Mines License Tax (to Lincoln County[1]) | 0 | 0 | 0 | 215,000 | 565,000 |
| Gross Proceeds Metal Mines Tax (to Lincoln County[2]) | 0 | 0 | 0 | 832,000 | 2,184,000 |
| Gross Proceeds Metal Mines Tax (to Sanders County) | 0 | 0 | 0 | 208,000 | 546,000 |
| Montana Property Tax (C4 – land & improvements) | 10,000 | 740,000 | 1,290,000 | 2,060,000 | 2,060,000 |
| Montana Property Tax (C8 – business equipment) | 80,000 | 150,000 | 210,000 | 290,000 | 290,000 |
| Indirect Worker - Commercial Property Tax Revenues | 12,998 | 23,774 | 27,787 | 28,017 | 25,355 |
| Direct Worker - Commercial Property Tax Revenues | 21,549 | 44,204 | 57,778 | 58,445 | 57,568 |
| Indirect Workers - Residential Property Tax Revenues | 32,419 | 59,296 | 69,307 | 69,880 | 63,241 |
| Direct Workers - Residential Property Tax Revenues | 45,576 | 85,212 | 102,036 | 103,163 | 97,269 |
| **Total** | **202,541** | **1,102,485** | **1,756,908** | **3,864,505** | **5,888,432** |
| **Impact** | **-180,242** | **302,567** | **692,771** | **2,784,479** | **4,819,535** |

[1] According to MCA 15-1-501 the Montana Metal Mines License Tax is allocated as follows:
57% to the state general fund, 2.5% to the hard rock mining impact trust account,
8.5% to the hard rock mining reclamation debt service fund,
7.0% to the reclamation and development grants program state special revenue account, and
25.0% to the county or counties identified as experiencing fiscal and economic impacts.

[2] The allocation of the Montana Gross Proceeds Tax, a Class 2 Property Tax, was settled in the early 1990s. As reported by Mr. Joe LeForest, 80% is to be allocated to Lincoln County and the remaining 20% to Sanders County.

# I. Introduction

## A. History

In 1990, Noranda Minerals Corp., the original developer of the Montanore project, filed its proposed Hard-Rock Mining Impact Plan with the potentially impacted local governmental units in Lincoln County. A 90-day review period was commenced, and the plan became final in March 1991. The plan was completed in compliance with Montana's Hard Rock Mining Impact Act, explained below.

Before the study began, communities in both Sanders and Lincoln County, Montana were investigated to see what the potential impacts would be of the Montanore mining project. Both counties were looked at because the ore body was in Sanders County and the mine facilities were in Lincoln County.

After the investigation was complete, it was determined that due to the commuting distance from the mine site to Sanders County, approximately 85 miles, in-migrating mine workers were not expected to establish residency there. Therefore, no net fiscal costs to local government entities in Sanders County were anticipated or addressed in the Hard Rock Mining Impact Plan.

In 1993, Noranda received all permits necessary to develop the mine, but never did, abandoning the project in 2002. At that point, Mines Management, Inc. became the project operator, and initiated reauthorization for the mine. As a part of this effort, Mines Management submitted a plan to the United States Forest Service and Montana Department of Environmental Quality for their review and comment.

This 2005 report expands on what was resolved in the 1990 plan: Sanders County is not impacted by the mine, and only fiscal costs for Lincoln County are addressed in the updated plan.

## B. Purpose

Montanore will employ 75 or more workers for six months or longer, thus classifying the project as a "large-scale mineral development." New large-scale mineral developments within Montana must fulfill the requirements specified in the Montana Hard-Rock Mining Impact Act.

The intent of the act is to ensure that:

1. Local governmental units are able to provide services and facilities that may become necessary as a result of in-migrating workers and their families; and
2. Increased costs for providing additional community services and facilities for in-migrating mine workers are the responsibility of the developer and not the local taxpayers.

The mine site is located approximately 18 miles south of Libby. Access to the mine site would be via U.S. Highway 2 and Forest Service Road 278, south of Libby. No direct access to the mine site would be available from Sanders County.

Potentially affected governmental units within the defined study area include:

1. Lincoln County Government (including special districts)
2. City of Libby
3. City of Troy
4. City of Eureka
5. Libby School District (K-12)
6. Troy Elementary School District
7. Troy High School District
8. Eureka Elementary School District
9. Lincoln County High School District

## C. Definitions

The following definitions will apply throughout this report:

1. Study area: Lincoln County
2. In-migrating mine workers: The estimated number of mine workers moving into the study area as a result of employment at Montanore.
3. In-migrating mine population: The estimated number of mine workers and their families moving into the study area as a result of Montanore.
4. In-migrating mine student: Any school-aged child enrolled in a school in the defined study area that is the ward of an in-migrating mineral development worker.
5. In-migrating secondary population: The estimated number of employees and their families moving into the study area as a result of employment in indirect jobs created by the project.
6. In-migrating mine-related population: Total population (direct and secondary) moving into the area as a result of the project.
7. In-migrating mine-related student: Any school-aged child enrolled in a school in the defined study area who is the ward of the family of an in-migrating mine or secondary (mine-related) employee.
8. Local hire: Montanore employees will be considered to be hired locally if they have lived at the same residence or in the same community within the study area for a period of three months.
9. Local governmental unit: A political subdivision such as county, city, town, school district, or any other special district that provides services.
10. Affected local governmental unit: A local governmental unit within the defined study area that would be impacted as a result of the project.
11. Commencement of mining: Date on which the developer initiates the first on-site disturbance related to mine development and construction of the mine or associated milling facilities under the operating permit issued by DSL and USFS.

The tentative date for the commencement of mining is expected to be in March 2007.

12. Impact period: Time from 60 days prior to the commencement of construction through the date of the first tax payment on the valuation of the completed project during the operation of the mine.
13. Start of production: Date that ore is first removed from the mine and transported to the mill for processing.
14. Commercial production: Commercial production would commence from the date that the developer first ships mineral concentrate from its mill for further processing.
15. Impact needs: Fiscal needs assessed in terms of expected personnel costs, capital outlays, and support costs necessary to maintain the level of present services offered to the existing and in-migrating population.
16. Impact personnel costs: Anticipated expenditures associated with hiring additional employees to satisfy the demands for local government services created by the in-migrating population of Montanore.
17. Impact capital costs: As a result of Montanore, the expected need for new buildings, equipment, roads, and any purchases that are not an ongoing expenditure by the governmental unit.
18. Impact support costs: Expected non-payroll expenditures such as supplies, materials, utilities, and other operating costs of the governmental unit as a result of the project.
19. Impact revenues: Revenues generated by addition of the mine, such as the Metalliferous Mines License tax, the Metal Mines Gross Proceeds tax, other property taxes paid by Mines Management, property taxes paid by new in-migrating residents, expected property taxes paid by new commercial activity, and per capita type revenues (e.g., licenses, fees and permits, and governmental transfers).
20. Net impact: Difference between impact needs and impact revenues of the affected local governmental units.
21. Project year: Project years for Montanore are expected to conform approximately to calendar years.

## D. Potentially Affected Local Governmental Units

The study area for the proposed Montanore Project includes primarily the southwestern portion of Lincoln County. Incorporated municipalities within the study area in Lincoln County are Libby and Troy, as well as the Libby, Troy and Eureka School Districts. The areas are being studied to determine whether a financial impact would occur due to development and operation of the Montanore Project. Access to the mine site would be via U.S. Highway 2 and Forest Service Road 278, approximately 18 miles south of Libby.

The mine location, production and mining/processing methods are described in Section II. Section III discusses the project assumptions, including the timetable for construction, operation and reclamation activities; primary and secondary employment assumptions;

expected migration characteristics; school enrollment characteristics; and property taxes. Section IV describes the current conditions of defined local government units. Specific financial impacts are to be identified by the respective units of local government.

# II. Project Description

In 1983, U.S. Borax & Chemical discovered a major silver/copper deposit that would eventually be named Montanore. The corporation initiated baseline studies as part of the operating permit requirements for mining the silver/copper deposit located beneath the Cabinet Mountain Wilderness Area in the Kootenai National Forest, Sanders and Lincoln County, Montana. The Montana Department of State Lands (DSL) and the Kootenai National Forest, primary agencies responsible for permitting mining operations, and U.S. Borax collectively developed a Plan of Study (POS) that defined the nature and extent of the baseline work. Baseline studies were initiated in the spring of 1988.

In September 1988, Noranda Minerals Corporation (Noranda) and Montana Reserves formed a joint venture and purchased the silver/copper deposit from U.S. Borax and named the project the "Montanore Project." Noranda, the designated project manager, continued the mine development activities that had been initiated by U.S. Borax.

Late in 1989, Noranda initiated the development of the Libby Adit to access the Montanore Deposit. After driving the adit 14,000 feet, they terminated the exploration activities. A number of alternative sites were identified for portals, the processing plant, tailings disposal, and ancillary facilities. After reviewing the alternative sites, Noranda developed the proposed mining program described in the Application for a Hard-Rock Mine Operating Permit submitted to DSL in 1992. In 1993, Noranda received all permits necessary to develop the mine.

The original operating permit application described the project as a 20,000 ton per day operation accessed from two (twin) portals in Ramsey Creek; a mill site located adjacent to the Ramsey Creek portals; a portal in Libby Creek; two portals in the Rock Creek drainage for ventilation and emergency access; and a tailings impoundment in the Little Cherry Creek drainage. Access to the Ramsey Creek mine site would be via the existing Bear Creek Road. A new transmission line from Pleasant Valley to the mine site would provide electricity for the proposed mining operation. It was projected that approximately 400 workers would be employed, with most mining positions being filled by the local available work force.

Mines Management, Inc. (Mines Management)'s wholly-owned subsidiary, Newhi, acquired the interests of Heidelberg Silver Mining Company (Heidelberg) through a corporate merger. The assets of Heidelberg consisted of mining claims in the area of the deposit. These claims were part of a lease agreement between Heidelberg and U.S. Borax and Chemical Corporation (U.S. Borax).

Noranda decided to abandon the project in 2002, at which point Mines Management, through its wholly owned subsidiary Newhi, became the operator of the project. Mines Management proceeded to assess the project position and initiated reauthorization for the project. As part of this effort, Mines Management submitted a plan to the United States Forest Service (USFS) and Montana Department of Environmental Quality (DEQ) for their review and comment.

A joint review process between the USFS and DEQ is underway, and an updated Environmental Impact Statement will be completed as part of this review process.

Mines Management plans to implement the same project the agencies reviewed and approved in 1993. This report provides updates that describe hard-rock mining impacts in the defined study area in Lincoln County, Montana.

## A. Project Location

The Montanore Project is located in the Cabinet Mountain Wilderness about 18 miles south of Libby, Montana. While the ore body is located beneath the wilderness area, all access and surface facilities are located outside the boundaries of the wilderness area. The permit area is within Sections 13, 14, 15, 23, 24, 26, and 35, T28N, R31W and Sections 1, 2, 3, 11, 14, and 15, T27N, R31W in Lincoln County, and Section 6, T27N, R31W in Sanders County. Surface ownership is on National Forest land with some private land.

## B. Mining Plans

Mining plans for the Montanore Project at its inception included production access to the ore deposit from the Ramsey Creek adit as well as construction of multiple ventilation adits. Adits were planned adjacent to Libby Creek and the Ramsey Creek plant site areas for conveying ore and waste, and for ventilation and access of personnel and materials to the mine. Access to the mine was planned at Bear Creek Road. Today, the project plans have primarily stayed the same, except that there will be one portal in the Rock Creek drainage for ventilation and emergency access, and that the base case production is expected to be 12,500 tons per day. The Ramsey Creek mine site would still be accessed via the existing Bear Creek Road. A new transmission line from Pleasant Valley to the mine site would provide electricity for the proposed mining operation. It is projected that approximately 460 workers would be employed, with most mining positions being filled by the local available work force.

Minerals will be processed using conventional flotation process, which generates a silver/copper concentrate. The concentrate will be shipped by train to various smelters for further processing and refining into silver and copper. Base case production of 12,500 tons per day will be reached in the fifth year of operation.

## C. Roads, Parking, Utilities and Utility Corridors

Two types of roads are planned for the Montanore project. The road providing access to the site from U.S. Highway 2 via Forest Service Road 278 will have an overall right-of-way of approximately 60 feet and travel width of 20-29 feet. The other road, with a travel surface width of about 24 feet, will be incorporated in the tailings line and power line corridor for the mill to the tailings impoundment site. Small access roads will also be needed to connect various sites to the main road system. Surface parking areas will be provided at all sites to minimize dust.

Telephone communication will be supplied via buried transmission lines along the Bear Creek access road. A power line corridor will be needed to bring electricity in from Pleasant Valley to Ramsey Creek and a tailings line and road corridor will be required to connect the concentrator along Ramsey Creek with the tailings impoundment in the Little Cherry Creek drainage.

## D. Production, Mining/Processing Methods

At full base case operation, an estimated 12,500 tons of copper and silver-bearing ore will be mined every day. The underground mining operation will be a mechanized room-and-pillar procedure, which permits the use of large equipment in spacious caverns. The mine is expected to operate 24 hours per day, seven days a week, for 350 days a year. Maintenance repair and security activities will be scheduled during the remaining two weeks of the year.

Ore will be conveyed to a surface stockpile near the portal from where it will be fed to a conventional flotation mill. Concentrate from the mine will be trucked to a rail siding in Libby for shipment to smelting facilities.

Waste rock from the mine is expected to be transported by truck from a temporary stockpile located near the Ramsey Creek adit portal and it is anticipated that nearly all waste rock will be used for construction.

Water encountered during mining will be pumped to settling ponds on the surface. Mine water will be used for mill make-up water or treated and land applied for disposal.

# III. Project Assumptions

The fiscal impact analysis for this plan is concerned with increased local government costs and revenues as a result of Montanore. Should costs to local governments exceed expected revenues attributable to the Montanore Project, negative monetary impact may occur to the local governmental jurisdictions. The Montana Hard Rock Impact Act allows local government units to negotiate a financial settlement to mitigate impacts associated with qualifying projects, such as Montanore.

Impact costs to local governments were estimated by using per capita and per student expenses for in-migrating persons. Impact revenues were determined from projections of mineral production, property taxes associated with land, buildings and business equipment associated with the Montanore Project, as well as for residences of the in-migrating population, and for increased commercial activity due to the in-migrants. Other potential sources of revenue include user fees, fines, permits and intergovernmental transfers, which are also estimated on a per capita basis.

## A. Project Schedule

The expected timetable for the permitting, construction, operations, and reclamation phases is presented in Table III.1, below. The permitting phase began in 2005, when Montanore officially submitted the operating permit application to DSL and USFS. The EIS process and this impact plan will take place concurrently and should be completed and approved by the end of 2006.

**TABLE III.1**
**EXPECTED SCHEDULE FOR PERMITTING, CONSTRUCTION, OPERATION AND RECLAMATION PHASES**

| Phase | Time Period |
|---|---|
| I – Permitting Phase | 2005-2006 |
| II – Construction Phase | 2007-2010 |
| III – Operations Phase | 2010-2030 |
| IV – Reclamation Phase | 2030-2032 |

At the present time, the tentative date for commencement of construction activities is 2007. Construction activities will include mine access road construction, mine development, surface plant construction, power line construction, plant access road renovation, tailing embankment construction, and installation of service facilities. This is anticipated to occur in March of 2007.

Initial mine production will commence after construction of the surface plant and underground facilities are complete. Approximately three months after the initial stage of operations, full production will begin.

## B. Project Employment

### 1. Basic Employment

The employment figures presented in Table III.2, below, are annual estimates of Montanore's actual employment needs at the time of construction and operations. Construction will commence during year one, with the hiring of approximately 135 employees and will last approximately four years. Construction employment will peak at 155 employees during year 2. During year three and year four, construction employment will be less than 65 employees. Total operations employment during year one will be only 30 employees, and is expected to peak at 246 employees during year three of the project.

**TABLE III.2**
**BASIC EMPLOYMENT**

| Employment by Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Construction Employment** | **135** | **155** | **65** | **65** | **0** |
| **Operations Employment** | | | | | |
| Mine | 25 | 100 | 188 | 188 | 188 |
| Mill & G&A | 5 | 30 | 58 | 58 | 58 |
| **Total** | **30** | **130** | **246** | **246** | **246** |
| **Direct Employment (Local purchases)** | **52** | **120** | **174** | **179** | **216** |
| **Total Project Basic Employment** | **217** | **405** | **485** | **490** | **462** |

Additional employment will be generated as a result of Montanore's budgeted local purchases. These direct employment figures were calculated using the Census Bureau's 2002 Economic Census value of shipments per dollar of payroll. The value of shipments per dollar of payroll would be $3.47. The annual wages per worker for these mining support services was an average of $36,095. Therefore, Montanore's budgeted local purchase of $6.45 million during year one of the project is expected to generate 52 direct jobs. Montanore's budgeted local purchase would peak at $27.05 million during year five, which would result in 216 direct jobs.

Total direct employment from construction, operations, and local purchases is expected to peak at 490 employees during year four. Following completion of construction at the end of year four of the project, total employment should level off to 462 workers and remain at this level throughout the life of the mine.

### 2. Non-basic Employment

In addition to the projected employment created by the construction and operation of Montanore, the Montanore Project can be expected to stimulate increased economic activity and employment in various trade and service sectors of the local study area, the non-basic sectors.

Table III.3 presents the number of full- and part-time non-basic jobs that would be created as a result of expenditures of income from basic jobs. Total non-basic employment is expected to generate about 308 jobs in year one, peak at 664 employees during year four, and settle to about 601 jobs in year five and thereafter.

**TABLE III.3**
**NON-BASIC EMPLOYMENT**

| Employment by Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Due to Construction Employment** | **209** | **240** | **101** | **101** | **0** |
| **Due to Operations Employment** | | | | | |
| Mine | 39 | 155 | 291 | 291 | 291 |
| Mill & G&A | 8 | 46 | 90 | 90 | 90 |
| **Total** | **46** | **201** | **381** | **381** | **381** |
| **Due to Direct Employment (Local purchases)** | **52** | **122** | **177** | **182** | **220** |
| **Total Project Non-basic Employment** | **308** | **563** | **659** | **664** | **601** |

## C. Project Impact Period

From the point that operations employment becomes stable, i.e. during year five of operations, no new in-migration to the study area is expected to occur due to Montanore. Therefore, for the purposes of this impact plan, the impact period is assumed to start 60 days prior to commencement of construction and last through the date of the first tax payment on the valuation of the completed project during mine operations.

## D. Fiscal Impact Analysis Methodology

Fiscal impacts were calculated for in-migrating workers and their families. The case study method of cost-revenue analysis has been utilized in this impact plan. Impact costs to local governmental units were analyzed in terms of expected additional capital outlays, personnel, and support or operational costs. Impact costs were estimated on a per capita basis using the fiscal year 2003 expenditures for Lincoln County and local governmental units for in-migrating workers and their families. Per student costs were added to the costs for children of in-migrating workers. Impact revenues were estimated using Lincoln County's portion of the Metal Mines Taxes and Gross Proceeds Taxes, other Montanore property taxes, property tax revenues for homes purchased by in-migrating direct and indirect workers, and commercial tax revenues as a result of increased commercial activity due to the Montanore Project and its direct and indirect workers.[3] Table III.4, on the following page, presents details of impact costs and revenues to the Lincoln County government during the construction and operations period of the Montanore mine.

Total costs to units of local government as a result of the Montanore Project would increase from $382,784 in year one to approximately $1.07 million in year five, when the mine and mill operation are at full production. Total property tax revenues would increase from about $202,500 in year one to nearly $5.9 million during year five. Net impact would therefore increase from -$180,242 in year one to over $4.8 million in year five. These data include gross proceeds of the Metal Mines Tax flowing to both Lincoln and Sanders counties, also seen in Table III.4.

[3] Metal prices included for the evaluation used a 3-year running average for both silver and copper prices, which is an industry accepted method for establishing metal prices for project evaluations.

## TABLE III.4
### NET LOCAL GOVERNMENT FISCAL IMPACT DUE TO MONTANORE
DRAFT FOR INTERNAL REVIEW

| Subject | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| Direct Worker Local Government Costs | 253,797 | 563,239 | 786,312 | 798,962 | 813,366 |
| Indirect Worker Local Government Costs | 128,987 | 236,679 | 277,825 | 281,063 | 255,531 |
| **Total Costs to Units of Local Government** | **382,784** | **799,918** | **1,064,137** | **1,080,025** | **1,068,897** |
| **Revenues** | | | | | |
| Montanore Taxes: | | | | | |
| Metal Mines License Tax (to Lincoln County[4]) | 0 | 0 | 0 | 215,000 | 565,000 |
| Gross Proceeds Metal Mines Tax (to Lincoln County[5]) | 0 | 0 | 0 | 832,000 | 2,184,000 |
| Gross Proceeds Metal Mines Tax (to Sanders County) | 0 | 0 | 0 | 208,000 | 546,000 |
| Montana Property Tax (C4 – land & improvements) | 10,000 | 740,000 | 1,290,000 | 2,060,000 | 2,060,000 |
| Montana Property Tax (C8 – business equipment) | 80,000 | 150,000 | 210,000 | 290,000 | 290,000 |
| Indirect Worker - Commercial Property Tax Revenues | 12,998 | 23,774 | 27,787 | 28,017 | 25,355 |
| Direct Worker - Commercial Property Tax Revenues | 21,549 | 44,204 | 57,778 | 58,445 | 57,568 |
| Indirect Workers - Residential Property Tax Revenues | 32,419 | 59,296 | 69,307 | 69,880 | 63,241 |
| Direct Workers - Residential Property Tax Revenues | 45,576 | 85,212 | 102,036 | 103,163 | 97,269 |
| **Total** | **202,541** | **1,102,485** | **1,756,908** | **3,864,505** | **5,888,432** |
| **Impact** | **-180,242** | **302,567** | **692,771** | **2,784,479** | **4,819,535** |

## E. Local Hire Assumptions

A hiring ratio of 80 percent local employment and 20 percent external employment has been used to predict impacts for this study. These figures are based, in part, upon Mines Management's experience with hiring practices at other mineral developments; upon local hiring ratios reported for other energy and mineral developments in Montana, Wyoming, and North Dakota (Mountain West Research 1975); and a labor market survey conducted during May/June 2005.

Table III.5, below, presents basic employment figures based on the local hiring ratio. Local and external employment is expected to peak during year four with 392 local employees and 98 external employees.

## TABLE III.5
### BASIC EMPLOYMENT, LOCAL VS EXTERNAL EMPLOYMENT

| Employment by Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Locally Hired Employment** | | | | | |
| **Construction Employment** | **108** | **124** | **52** | **52** | **0** |
| **Operations Employment** | | | | | |
| Mine | 20 | 80 | 150 | 150 | 150 |
| Mill & G&A | 4 | 24 | 46 | 46 | 46 |
| **Total** | **24** | **104** | **197** | **197** | **197** |
| **Direct Employment (Local purchases)** | **41** | **96** | **139** | **143** | **173** |
| **Total Project Basic Employment** | **173** | **324** | **388** | **392** | **370** |
| **External Employment (In-migrant workers)** | | | | | |
| **Construction Employment** | 27 | 31 | 13 | 13 | 0 |
| **Operations Employment** | | | | | |
| Mine | 5 | 20 | 38 | 38 | 38 |
| Mill & G&A | 1 | 6 | 12 | 12 | 12 |
| **Total** | 6 | 26 | 49 | 49 | 49 |
| **Direct Employment (Local purchases)** | 10 | 24 | 35 | 36 | 43 |
| **Total Project Basic Employment** | **43** | **81** | **97** | **98** | **92** |

[4] According to MCA 15-1-501 the Montana Metal Mines License Tax is allocated as follows:
57% to the state general fund, 2.5% to the hard rock mining impact trust account,
8.5% to the hard rock mining reclamation debt service fund,
7.0% to the reclamation and development grants program state special revenue account, and
25.0% to the county or counties identified as experiencing fiscal and economic impacts.

[5] The allocation of the Montana Gross Proceeds Tax, a Class 2 Property Tax, was settled in the early 1990s. As reported by Mr. Joe LeForest, 80% is to be allocated to Lincoln County and the remaining 20% to Sanders County.

Montanore assumes that 90 percent of non-basic employees would also be hired from the local study area. While no data exist for non-basic local hiring ratios and Montanore has no control over the hiring policies of local governments and businesses, it is assumed that most non-basic employment jobs could be filled by the local available work force, as local unemployment rates indicate sufficient labor force availability.

Table III.6, below, presents non-basic employment based on the non-basic local hiring ratio. Non-basic employment is expected to peak during year four with 598 employees, while non-basic external employment is expected to peak during year three and year four with 66 employees.

**TABLE III.6**
**NON-BASIC EMPLOYMENT, LOCAL VS EXTERNAL EMPLOYMENT**

| Employment by Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Locally Hired Employment** | | | | | |
| **Construction Employment** | **188** | **216** | **91** | **91** | **0** |
| **Operations Employment** | | | | | |
| Mine | 35 | 139 | 262 | 262 | 262 |
| Mill & G&A | 7 | 42 | 81 | 81 | 81 |
| **Total** | **42** | **181** | **343** | **343** | **343** |
| **Direct Employment (Local purchases)** | **47** | **110** | **159** | **164** | **198** |
| **Total Project Non-Basic Employment** | **277** | **507** | **593** | **598** | **541** |
| **External Employment (In-migrant workers)** | | | | | |
| **Construction Employment** | **21** | **24** | **10** | **10** | **0** |
| **Operations Employment** | | | | | |
| Mine | 4 | 15 | 29 | 29 | 29 |
| Mill & G&A | 1 | 5 | 9 | 9 | 9 |
| **Total** | **5** | **20** | **38** | **38** | **38** |
| **Direct Employment (Local purchases)** | **5** | **12** | **18** | **18** | **22** |
| **Total Project Non-Basic Employment** | **31** | **56** | **66** | **66** | **60** |

## F. Demographic Characteristics

### 1. Family Size

The average family size of in-migrating mine workers depends not only on demographic characteristics of the workers, the percentage of workers married with families, and number of children, but also on the particular phase of the mine development, such as construction or operations. Most environmental impact statement reports that have been prepared for Montana mining projects have assumed homogeneity in the family size of workers with respect to construction and operations phases. However, other studies (Mountain West Research 1975, Leholm, et al. 1975, Wieland et al. 1977) have concluded that family size may vary depending upon the type of employment, direct or indirect, and phase of the project, construction or operations.

For preparation of this impact plan, different family sizes were assumed for the construction and operations phases of Montanore and for the type of employment: basic, non-basic and direct employment. The following narrative describes the assumed family sizes for construction, operations, and direct employment due to local purchases by Montanore.

**a. Construction Phase**

Several monitoring studies and surveys (Mountain West Research 1975, Leholm et al. 1975, Wieland et al. 1977) indicate that in mineral and energy-related developments, the number of dependents accompanying the worker and, consequently, the overall family size for in-migrating workers is 20 to 30 percent less for construction than for operational workers. The primary reason for this smaller family size of construction workers is due to the assumption that the worker either commutes to the project site or establishes a temporary residence in the study area during the construction phase and the family remains at the place of permanent residence.

Sixty percent of the in-migrating construction employees hired by Montanore are expected to be married with families present and, on the average, have 0.83 children per married family or 0.5 children per worker. The family size of 2.10 for contract construction employees is approximately 35 percent less than that for operations workers employed directly by Montanore; however, it is consistent with estimates derived from monitoring studies for western mineral and energy developments. For example, in a comparison of related worker characteristics for North Dakota Coal Mines, it was found that the family size for in-migrating workers was 2.24 compared to 3.37 for in-migrating operational workers (Leholm et al. 1975).

**b. Operations Phase**

During the operations phase, the average family size of in-migrating mine workers is expected to be 3.1 persons. This family size assumes that 80 percent of the in-migrating operations workers would be married with families present and that the average number of children per family would be 1.625 per married family or 1.3 per mine worker. These figures are consistent with data reported by Stillwater County for the Stillwater Mine Complex (John Beaudry, pers. comm., January 1988).

**c. Direct Employment (local purchases)**

This impact plan assumes that the family size of in-migrating direct employees would be the same as in-migrating operations phase employees, 3.1 persons per family. Eighty percent of the in-migrating direct workers are assumed to be married with families present, with 1.625 children per family or 1.3 children per mine worker.

Table III.7, on the following page, presents the number of total in-migrants to Lincoln County, the number of workers along with families based on family size assumptions of in-migrating workers. The total number of construction in-migrants would peak during year two at 65 persons. Operations workers with families would peak during year 3 at 153 persons. Family size of direct employment workers would peak during year five of the project at 134 persons.

## TABLE III.7

### BASIC EMPLOYMENT, FAMILY TYPE AND SIZE OF IN-MIGRANT WORKERS

| In-migrants by Family Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Construction** | | | | | |
| Workers | 27 | 31 | 13 | 13 | 0 |
| Spouses | 16 | 19 | 8 | 8 | 0 |
| Children | 14 | 16 | 7 | 7 | 0 |
| Elementary (incl. Middle) | 5 | 6 | 3 | 3 | 0 |
| High School | 3 | 4 | 2 | 2 | 0 |
| Not in School | 5 | 5 | 2 | 2 | 0 |
| **Total In-migrants** | **57** | **65** | **27** | **27** | **0** |
| Persons Per Household | 2.1 | 2.1 | 2.1 | 2.1 | . |
| **Operations** | | | | | |
| Workers | 6 | 26 | 49 | 49 | 49 |
| Spouses | 5 | 21 | 39 | 39 | 39 |
| Children | 8 | 34 | 64 | 64 | 64 |
| Elementary (incl. Middle) | 3 | 13 | 26 | 27 | 28 |
| High School | 2 | 8 | 16 | 16 | 15 |
| Not in School | 3 | 12 | 22 | 22 | 21 |
| **Total In-migrants** | **19** | **81** | **153** | **153** | **153** |
| Persons Per Household | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |
| **Direct Employment (Local Purchase workers)** | | | | | |
| Workers | 10 | 24 | 35 | 36 | 43 |
| Spouses | 8 | 19 | 28 | 29 | 35 |
| Children | 13 | 31 | 45 | 47 | 56 |
| Elementary (incl. Middle) | 5 | 12 | 18 | 19 | 24 |
| High School | 3 | 8 | 11 | 11 | 13 |
| Not in School | 5 | 11 | 16 | 16 | 19 |
| **Total In-migrants** | **32** | **74** | **108** | **111** | **134** |
| Persons Per Household | 3.1 | 3.1 | 3.1 | 3.1 | 3.1 |

This impact plan assumes that family size for in-migrating non-basic employees would be smaller, 2.1 persons per family. Sixty percent of the in-migrating non-basic workers are assumed to be married with families present, with 0.823 children per family or 0.5 children per in-migrating worker.

Table III.8, on the following page, presents the number of total non-basic in-migrants to Lincoln County, the number of workers along with families based on family size assumptions of non-basic in-migrating workers. The total number of non-basic construction in-migrants would peak during year two at 50 persons. Operations workers with families would peak during year three at 80 persons. Family size of direct employment workers would peak during year five of the project at 46 persons.

## TABLE III.8
### NON-BASIC EMPLOYMENT, FAMILY TYPE AND SIZE OF IN-MIGRANT WORKERS

| In-migrants by Family Type | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Construction** | | | | | |
| Workers | 21 | 24 | 10 | 10 | 0 |
| Spouses | 13 | 14 | 6 | 6 | 0 |
| Children | 10 | 12 | 5 | 5 | 0 |
| Elementary (incl. middle) | 4 | 5 | 2 | 2 | 0 |
| High School | 3 | 3 | 1 | 1 | 0 |
| Not in School | 4 | 4 | 2 | 2 | 0 |
| **Total In-migrants** | **44** | **50** | **21** | **21** | **0** |
| Persons Per Household | 2.1 | 2.1 | 2.1 | 2.1 | . |
| **Operations** | | | | | |
| Workers | 5 | 20 | 38 | 38 | 38 |
| Spouses | 3 | 12 | 23 | 23 | 23 |
| Children | 2 | 10 | 19 | 19 | 19 |
| Elementary (incl. middle) | 1 | 4 | 8 | 8 | 8 |
| High School | 1 | 3 | 5 | 5 | 4 |
| Not in School | 1 | 4 | 7 | 7 | 6 |
| **Total In-migrants** | **10** | **42** | **80** | **80** | **80** |
| Persons Per Household | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |
| **Direct Employment (Local Purchase workers)** | | | | | |
| Workers | 5 | 12 | 18 | 18 | 22 |
| Spouses | 3 | 7 | 11 | 11 | 13 |
| Children | 3 | 6 | 9 | 9 | 11 |
| Elementary (incl. middle) | 1 | 2 | 4 | 4 | 5 |
| High School | 1 | 2 | 2 | 2 | 3 |
| Not in School | 1 | 2 | 3 | 3 | 4 |
| **Total In-migrants** | **11** | **26** | **37** | **38** | **46** |
| Persons Per Household | 2.1 | 2.1 | 2.1 | 2.1 | 2.1 |

## F. School Participation Rates

The term "children" as used in the context of this report is defined as the number of children between the ages of 0 and 19 living at home. To estimate the number of elementary and high school students accompanying in-migrating mine workers, ratios were developed based on the current and projected Lincoln County school enrollment statistics and on the estimated number of children aged 0 through 19 living in Lincoln County during 2003. Table III.9, below, presents the school enrollment ratios for Lincoln County.

## TABLE III.9
### SCHOOL ENROLLMENT PATTERNS
**2006-2010**

| School Enrollment | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|
| Elementary (incl. middle) | 39.17 | 39.88 | 40.61 | 41.60 | 43.45 |
| High School | 25.37 | 25.07 | 24.86 | 24.28 | 22.99 |
| Not in School | 35.45 | 35.06 | 34.53 | 34.12 | 33.55 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |

School participation rates were distributed based on the gravity allocation model, and enrollment in the Libby, Troy and Eureka school districts. Further, it was assumed that 70 percent of the children in the rural portions of Lincoln County would be enrolled in the Libby School District, 20 percent in the Troy School District, and 10 percent in the Eureka School District.

Table III.10, below, presents school enrollment for children of basic in-migrating workers. The Libby school district is expected to have the largest enrollment of children of in-migrant workers. Of the basic in-migrating workers' children between the ages of 0 and 19, 53 are expected to be enrolled in grade school, 27 in high school, and 40 not attending school.

**TABLE III.10**
**SCHOOL ENROLLMENT PATTERNS BY SCHOOL DISTRICT**
**CHILDREN OF BASIC IN-MIGRANT WORKERS**

| School Enrollment | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Libby** | | | | | |
| Elementary (incl. middle) | 11 | 25 | 36 | 38 | 41 |
| High School | 7 | 16 | 22 | 22 | 21 |
| Not in School | 10 | 22 | 31 | 31 | 31 |
| **Total** | **27** | **62** | **90** | **91** | **93** |
| **Troy** | | | | | |
| Elementary (incl. middle) | 2 | 5 | 7 | 7 | 8 |
| High School | 1 | 3 | 4 | 4 | 4 |
| Not in School | 2 | 4 | 6 | 6 | 6 |
| **Total** | **5** | **12** | **17** | **18** | **18** |
| **Eureka** | | | | | |
| Elementary (incl. middle) | 1 | 2 | 3 | 4 | 4 |
| High School | 1 | 1 | 2 | 2 | 2 |
| Not in School | 1 | 2 | 3 | 3 | 3 |
| **Total** | **3** | **6** | **8** | **9** | **9** |

Table III.11, below, presents school enrollment for children of non-basic in-migrating workers. Of the non-basic in-migrating workers' children between the ages of 0 and 19, 13 are expected to be enrolled in grade school, 7 in high school, and 11 not attending school.

**TABLE III.11**
**SCHOOL ENROLLMENT PATTERNS BY SCHOOL DISTRICT**
**CHILDREN OF NON-BASIC IN-MIGRANT WORKERS**

| School Enrollment | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Libby** | | | | | |
| Elementary (incl. middle) | 5 | 9 | 10 | 11 | 10 |
| High School | 3 | 5 | 6 | 6 | 5 |
| Not in School | 4 | 8 | 9 | 9 | 8 |
| **Total** | **12** | **22** | **26** | **26** | **23** |
| **Troy** | | | | | |
| Elementary (incl. middle) | 1 | 2 | 2 | 2 | 2 |
| High School | 1 | 1 | 1 | 1 | 1 |
| Not in School | 1 | 1 | 2 | 2 | 2 |
| **Total** | **2** | **4** | **5** | **5** | **5** |
| **Eureka** | | | | | |
| Elementary (incl. middle) | 0 | 1 | 1 | 1 | 1 |
| High School | 0 | 1 | 1 | 1 | 1 |
| Not in School | 0 | 1 | 1 | 1 | 1 |
| **Total** | **1** | **2** | **2** | **2** | **2** |

## G. Expected Migration and Settlement Patterns

### 1. Settlement Patterns

Impacts to local governmental units within the study area due to in-migrating workers and their families depend entirely upon where the in-migrants choose to reside. One of the most important factors in settlement decisions is commuting distance to the project

site. Workers generally wish to reside close to the project site to reduce commuting distance, provided that adequate services such as schools, shopping, and housing are available. Because such services are usually related to the size of the community, in-migrants tend to live in more populated areas where they may obtain these services.

Table III.12, below, illustrates distances from various communities in the study area to the mine site, the community population, and an expected settlement distribution of in-migrating workers based on a classic gravity allocation model (Murdock et al. 1978). The gravity model is expressed in terms of the probability that workers will gravitate toward the mine site based on population density and distance from the center. The model was specified as:

$$\text{Probability} = \frac{\text{Population/Distance}^2 \text{ for given Towns/Cities}}{\text{Sum of Population/Distance}^2 \text{ for all Towns/Cities}}$$

**TABLE III.12**
**GRAVITY ALLOCATION MODEL**

| Area | 2000 Population | Distance (D) | $D^2$ | $Pop/D^2$ | Probability |
|---|---|---|---|---|---|
| Libby | 2,626 | 18 | 324 | 8.10 | 32.81 |
| Troy | 957 | 42 | 1,739 | 0.55 | 2.23 |
| Eureka | 1,017 | 67 | 4,436 | 0.23 | 0.93 |
| Rural Lincoln County Average | 14,237 | 30 | 900 | 15.82 | 64.04 |
| **Lincoln County** | **18,837** | **156** | **7,398** | **24.70** | **100.00** |

## 2. Migration Estimates

An estimate of net migration to the study area was developed based on the aforementioned employment levels, local hiring assumptions, demographic characteristics, and settlement patterns. About 33 percent of the in-migrating workers are expected to move to Libby, about 2.2 percent to Troy, close to 1 percent to Eureka, and the largest group of in-migrating workers, about 64 percent, are expected to be moving to rural areas of Lincoln County.

Table III.13, on the following page, presents the expected settlement patterns of basic in-migrating workers. Montanore expects in-migration to begin during the first year of the project, with an estimated 107 basic workers migrating into the study area. Beginning with the third year in-migration is expected to increase, with a peak migration of total net migrants of 291 persons. With the completion of the construction phase, in-migration is expected to decline during year five to a total of 287 basic net migrating workers.

## TABLE III.13
### BASIC NET MIGRANTS, EXPECTED SETTLEMENT BASED ON A GRAVITY ALLOCATION MODEL

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Construction Migration** | | | | | |
| Libby | 19 | 21 | 9 | 9 | 0 |
| Troy | 1 | 1 | 1 | 1 | 0 |
| Eureka | 1 | 1 | 0 | 0 | 0 |
| Rural Lincoln County | 36 | 42 | 17 | 17 | 0 |
| **Total** | **57** | **65** | **27** | **27** | **0** |
| **Operations Migration** | | | | | |
| Libby | 6 | 26 | 50 | 50 | 50 |
| Troy | 0 | 2 | 3 | 3 | 3 |
| Eureka | 0 | 1 | 1 | 1 | 1 |
| Rural Lincoln County | 12 | 52 | 98 | 98 | 98 |
| **Total** | **19** | **81** | **153** | **153** | **153** |
| **Direct Employment (Local Purchase workers)** | | | | | |
| Libby | 10 | 24 | 35 | 36 | 44 |
| Troy | 1 | 2 | 2 | 2 | 3 |
| Eureka | 0 | 1 | 1 | 1 | 1 |
| Rural Lincoln County | 20 | 48 | 69 | 71 | 86 |
| **Total** | **32** | **74** | **108** | **111** | **134** |
| **Total Basic Net migration** | | | | | |
| Libby | 35 | 72 | 94 | 95 | 94 |
| Troy | 2 | 5 | 6 | 6 | 6 |
| Eureka | 1 | 2 | 3 | 3 | 3 |
| Rural Lincoln County | 69 | 141 | 184 | 186 | 183 |
| **Total** | **107** | **220** | **288** | **291** | **287** |

Table III.14, displayed below, presents the expected settlement patterns of non-basic in-migrating workers. Non-basic employment due to Montanore is expected to peak during year four, with the generation of an addition of 139 non-basic jobs.

## TABLE III.14
### NON-BASIC NET MIGRANTS, EXPECTED SETTLEMENT BASED ON A GRAVITY ALLOCATION MODEL

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Construction Migration** | | | | | |
| Libby | 14 | 17 | 7 | 7 | 0 |
| Troy | 1 | 1 | 0 | 0 | 0 |
| Eureka | 0 | 0 | 0 | 0 | 0 |
| Rural Lincoln County | 28 | 32 | 14 | 14 | 0 |
| **Total** | **44** | **50** | **21** | **21** | **0** |
| **Operations Migration** | | | | | |
| Libby | 3 | 14 | 26 | 26 | 26 |
| Troy | 0 | 1 | 2 | 2 | 2 |
| Eureka | 0 | 0 | 1 | 1 | 1 |
| Rural Lincoln County | 6 | 27 | 51 | 51 | 51 |
| **Total** | **10** | **42** | **80** | **80** | **80** |
| **Direct Employment (Local Purchase workers)** | | | | | |
| Libby | 4 | 8 | 12 | 13 | 15 |
| Troy | 0 | 1 | 1 | 1 | 1 |
| Eureka | 0 | 0 | 0 | 0 | 0 |
| Rural Lincoln County | 7 | 16 | 24 | 24 | 30 |
| **Total** | **11** | **26** | **37** | **38** | **46** |
| **Total Non-Basic Net migration** | | | | | |
| Libby | 21 | 39 | 45 | 46 | 41 |
| Troy | 1 | 3 | 3 | 3 | 3 |
| Eureka | 1 | 1 | 1 | 1 | 1 |
| Rural Lincoln County | 41 | 76 | 89 | 89 | 81 |
| **Total** | **65** | **118** | **138** | **139** | **126** |

The available housing stock is also a deciding factor in where in-migrants would choose to settle. Table III.15, below, lists the number of existing housing units by area as per the 2000 Census. The homeownership rate in Lincoln County was at 76.5 percent, and the vacancy rate was at 20 percent during 2000.

**TABLE III.15**
**HOUSING UNITS BY TENURE**
**2000 CENSUS**

| Area | Housing Units | Owner Occupied | Renter Occupied | Vacant |
|---|---|---|---|---|
| Libby | 1,264 | 650 | 482 | 132 |
| Troy | 469 | 281 | 144 | 44 |
| Eureka | 494 | 284 | 147 | 63 |
| Rest of Lincoln | 7,092 | 4,726 | 1,050 | 1,316 |
| **Total Lincoln County** | **9,319** | **5,941** | **1,823** | **1,555** |

The impact plan assumes the 2000 Census occupancy rates for housing patterns of the in-migrating workers. Table III.16, below, presents the settlement patterns of the basic in-migrating workers based on the gravity allocation model by occupancy status. Of the basic in-migrating workers homeownership is expected to peak during year three and year four, with 71 and 72 homeowners. There would be an additional 26 workers during year three and year four seeking rental housing.

**TABLE III.16**
**BASIC IN-MIGRANT WORKERS BY SETTLEMENT AREA BY TENURE**
**2000 CENSUS**

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Owners** | | | | | |
| Libby | 8 | 15 | 18 | 18 | 17 |
| Troy | 1 | 1 | 1 | 1 | 1 |
| Eureka | 0 | 0 | 1 | 1 | 1 |
| Rural Lincoln County | 23 | 42 | 51 | 51 | 48 |
| **Total Owners** | **32** | **59** | **71** | **72** | **68** |
| **Renters** | | | | | |
| Libby | 6 | 11 | 14 | 14 | 13 |
| Troy | 0 | 1 | 1 | 1 | 1 |
| Eureka | 0 | 0 | 0 | 0 | 0 |
| Rural Lincoln County | 5 | 9 | 11 | 11 | 11 |
| **Total Renters** | **12** | **22** | **26** | **26** | **25** |
| **Total** | | | | | |
| Libby | 14 | 27 | 32 | 32 | 30 |
| Troy | 1 | 2 | 2 | 2 | 2 |
| Eureka | 0 | 1 | 1 | 1 | 1 |
| Rural Lincoln County | 28 | 52 | 62 | 63 | 59 |
| **Total** | **43** | **81** | **97** | **98** | **92** |

Table III.17, on the following page, presents the settlement patterns of the non-basic in-migrating workers based on the gravity allocation model by occupancy status. The non-basic jobs created due to Montanore is expected to add 48 and 49 new homeowners during year three and year four of the project.

**TABLE III.17**
**NON-BASIC IN-MIGRANT WORKERS BY SETTLEMENT AREA BY TENURE**
**2000 CENSUS**

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| | | **Owners** | | | |
| Libby | 6 | 11 | 12 | 13 | 11 |
| Troy | 0 | 1 | 1 | 1 | 1 |
| Eureka | 0 | 0 | 0 | 0 | 0 |
| Rural Lincoln County | 16 | 30 | 35 | 35 | 31 |
| **Total Owners** | **23** | **41** | **48** | **49** | **44** |
| | | **Renters** | | | |
| Libby | 4 | 8 | 9 | 9 | 8 |
| Troy | 0 | 0 | 0 | 1 | 0 |
| Eureka | 0 | 0 | 0 | 0 | 0 |
| Rural Lincoln County | 4 | 7 | 8 | 8 | 7 |
| **Total Renters** | **8** | **15** | **18** | **18** | **16** |
| | | **Total** | | | |
| Libby | 10 | 18 | 22 | 22 | 20 |
| Troy | 1 | 1 | 1 | 1 | 1 |
| Eureka | 0 | 1 | 1 | 1 | 1 |
| Rural Lincoln County | 20 | 36 | 42 | 43 | 38 |
| **Total** | **31** | **56** | **66** | **66** | **60** |

## H. Montanore Taxes

### 1. Metal Mines License Tax

This covers mining operations in which metal or gems are extracted. These are subject to a license tax, which is based on the gross value of the product. The value to which the tax rate is applied is the monetary payment the mining company receives for the metal trader, smelter, roaster or refinery. This is determined by multiplying the quantity of metal received by the quoted prices for the metal, then subtracting basic treatment and refinery charges, quantity deductions, price deductions, interest and penalties, metal impurity, and moisture deductions as specified by contract between the mining company and the receiving metal trader, smelter, roaster or refinery. Deductions are also allowed for the cost of transportation from the mine or mill to the smelter, roaster or refinery.

Concentrate shipped to a smelter, mill or reduction work is taxed at 1.81 percent of gross value more than $250,000. Gold, silver or any platinum-group metal that is dore, bullion matte or other form of processed concentrate that is processed in a treatment facility owned or operated by the taxpayer and that is sold or shipped to a refinery for final processing is taxed at 1.6 percent of gross value over $250,000.

#### a. Disposition of Metal Mines License Tax

Metal mines licensing taxes collected must be collected in accordance with the provisions of Montana Code Annotated (MCA) 15-1-501, and be allotted as follows:

- To the credit of the general fund of the state, which is 57 percent of total collections each year;
- To the state special revenue fund to the credit of a hard rock mining impact trust account, 2.5 percent total collections each year;
- To the hard rock mining reclamation debt service fund, 8.5 percent per year;

- To the reclamation and development grants program state special revenue account, 7 percent of total collections each year;
- Within 60 days of the date the tax is payable, pursuant to MCA 15-37-105, to the county or counties identified as experiencing fiscal and economic impacts, which result in increased employment or local government costs, under an impact plan for large scale minerals developed, prepared, and approved pursuant to MCA 90-6-307.

If an impact plan has not been prepared pursuant to the above code, then 25 percent of total collections each year will be allocated by the county commissioners as follows:

- No less than 37.5 percent may be allocated to the hard-rock mine trust account established in MCA 7-6-2225. All money not allocated to the account will be further allocated as follows: There will be 33.3 percent for elementary school districts within the county, 33.3 percent allocated to high school districts within the county, and 33.3 percent will be allocated to the county for general planning functions, such as economic development activities as described in MCA 7-6-225 (3) (c) to (3) (e).
- When an impact plan for a large-scale mineral development approved pursuant to MCA 90-6-307 identifies a revenue disparity, the county shall distribute the proceeds allocated under subsection (1) (e) in a manner similar to that provided for property tax sharing under Title 90, chapter six, part four.
- The department shall return to the county where metals are produced, the tax collections allocated under subsection (1) (e). The allotment to the county described by subsection (1) (e) is a statutory appropriation pursuant to 17-7-502.

Hence, taxes reported in this document associated with the Metal Mines License tax are those allocated to Lincoln County, or 25 percent of the total Metal Mines License Tax liability.

**2. Gross Proceeds of Metal Mines Tax**

This is a yearly tax imposed on the gross proceeds of metal mines, in accordance with MCA 15-23-801. It is considered a Class 2 property tax. Gross proceeds mean the monetary payment or refined metal received by the mining company from the metal trader, smelter, roaster or refinery. It is determined by multiplying the quantity of metal received by the by the quoted price for it, and then subtracting basic treatment and refinery charges, quantity deductions, price deductions, interest and penalties, and metal impurity and moisture deductions as specified by contract. The taxable value of metal mines is equal to 3 percent of annual gross proceeds. This amount is subjected to local mill levies in the jurisdiction in which the taxable value of the mining operation is allocated. For the purposes of this document, Mines Management has estimated the local mill levies to represent 500 mills, or 1.5 percent of the annual gross proceeds

The tax is collected by local county treasurer. The taxable valuation of hard rock mining operations is subjected to allocations specified by hard-rock mining impact property tax base sharing laws. Mines that produce less than 20,000 tons of ore in a year, as

Montanore is not expected to do, are exempt from property taxes on half of the merchantable value, pursuant to MCA 15-6-208.

As was determined during the early 1990s, this tax is to be allocated between Lincoln and Sanders counties, with Lincoln County receiving 80 percent and Sanders County receiving 20 percent of such tax payments.[6]

### 3. Other Property Taxes

Mines Management, Inc. prepared estimates of two additional property taxes to be paid due to the mining and milling operations. These are represented by the land and improvements, Class 4 property, and all business equipment, or Class 8 property. Taxable value of Class 4 properties was determined by taking 3.3 percent of the market value of the properties. Taxable values for Class 8 properties were estimated by taking 3 percent of the market value of business property. The tax liability was then calculated by taking 500 mills, as was done for the gross proceeds tax noted above.

## I. Fiscal Impact

### 1. Impact Costs

Costs to the local government were calculated based on the anticipated expenditure associated with in-migrating workers. Impact costs were estimated on a per capita basis using the fiscal year 2003 expenditures for Lincoln County and local governmental units for in-migrating workers and their families. Per student costs were added to the costs for children of in-migrating workers attending school. The 2003 per capita expenditures and 2003 per average number belonging (ANB) costs per student are presented in Table III.18, below.

**TABLE III.18**
**PER CAPITA COSTS**
**FY 2003**

| Area | Per Capita Expenditure ($) | Per ANB Expenditure ($) |
|---|---|---|
| Libby | 1,410 | |
| K-12 school | | 6,558 |
| Troy | 2,101 | |
| Elementary (incl. middle) | | 7,598 |
| High School | | 7,798 |
| Eureka | 776 | |
| Elementary (incl. middle) | | 7,418 |
| High School | | 6,191 |
| Lincoln County Total | 686 | 6,837 |

The total basic employment costs for in-migrating workers is presented in Table III.19, on the following page. Total basic employment costs due to in-migrating workers is expected to increase from $253,797 during year one to $813,366 during year five.

[6] Personal communication, Joe LeForest, 28 September 2005.

## TABLE III.19
### IN-MIGRANT COSTS – BASIC EMPLOYMENT COSTS

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **In-migrant Expenditure** | | | | | |
| Libby | 49,606 | 101,757 | 133,004 | 134,539 | 132,521 |
| Troy | 5,019 | 10,296 | 13,458 | 13,613 | 13,409 |
| Eureka | 773 | 1,585 | 2,072 | 2,096 | 2,065 |
| Rural Lincoln County | 47,121 | 96,661 | 126,343 | 127,801 | 125,884 |
| **Total In-migrant Expenditure** | **102,519** | **210,299** | **274,876** | **278,049** | **273,879** |
| **Student Costs** | | | | | |
| Libby K-12 | 114,038 | 266,040 | 385,490 | 392,594 | 406,511 |
| Troy Elem | 15,529 | 36,652 | 53,652 | 55,619 | 59,648 |
| Troy HS | 10,322 | 23,645 | 33,703 | 33,321 | 32,391 |
| Eureka Elem | 7,393 | 17,449 | 25,542 | 26,478 | 28,396 |
| Lincoln County HS | 3,997 | 9,155 | 13,049 | 12,901 | 12,541 |
| **Total Student Costs** | **151,278** | **352,940** | **511,436** | **520,913** | **539,487** |
| **Total Basic Employment Costs** | **253,797** | **563,239** | **786,312** | **798,962** | **813,366** |

The total non-basic employment costs for in-migrating workers are presented in Table III.20, below. Total non-basic employment costs due to in-migrating workers is expected to increase from $128,987 during year one to $255,531 during year five.

## TABLE III.20
### IN-MIGRANT COSTS – NON-BASIC EMPLOYMENT COSTS

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **In-migrant Expenditure** | | | | | |
| Libby | 29,921 | 54,727 | 63,966 | 64,495 | 58,367 |
| Troy | 3,027 | 5,537 | 6,472 | 6,526 | 5,906 |
| Eureka | 466 | 853 | 997 | 1,005 | 909 |
| Rural Lincoln County | 28,422 | 51,986 | 60,762 | 61,265 | 55,444 |
| **Total In-migrant Expenditure** | **61,836** | **113,102** | **132,197** | **133,290** | **120,626** |
| **Student Costs** | | | | | |
| Libby K-12 | 50,620 | 93,150 | 109,765 | 111,371 | 101,653 |
| Troy Elem | 6,893 | 12,833 | 15,277 | 15,778 | 14,916 |
| Troy HS | 4,582 | 8,279 | 9,597 | 9,453 | 8,100 |
| Eureka Elem | 3,282 | 6,109 | 7,273 | 7,511 | 7,101 |
| Lincoln County HS | 1,774 | 3,205 | 3,716 | 3,660 | 3,136 |
| **Total Student Costs** | **67,150** | **123,577** | **145,627** | **147,773** | **134,906** |
| **Total Non-Basic Employment Costs** | **128,987** | **236,679** | **277,825** | **281,063** | **255,531** |

Table III.21, presented on the following page, shows total costs for in-migrants, including basic and non-basic employment costs. It starts out at $382,784 in year one and jumps to more than a million dollars in year five.

## TABLE III.21
### IN-MIGRANT COSTS – TOTAL EMPLOYMENT COSTS

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **In-migrant Expenditure** | | | | | |
| Libby | 79,527 | 156,484 | 196,970 | 199,034 | 190,888 |
| Troy | 8,046 | 15,833 | 19,930 | 20,139 | 19,315 |
| Eureka | 1,239 | 2,438 | 3,069 | 3,101 | 2,974 |
| Rural Lincoln County | 75,543 | 148,647 | 187,105 | 189,066 | 181,328 |
| **Total In-migrant Expenditure** | **164,355** | **323,401** | **407,073** | **411,339** | **394,505** |
| **Student Costs** | | | | | |
| Libby K-12 | 164,658 | 359,190 | 495,255 | 503,965 | 508,164 |
| Troy Elem | 22,422 | 49,485 | 68,929 | 71,397 | 74,564 |
| Troy HS | 14,904 | 31,924 | 43,300 | 42,774 | 40,491 |
| Eureka Elem | 10,675 | 23,558 | 32,815 | 33,989 | 35,497 |
| Lincoln County HS | 5,771 | 12,360 | 16,765 | 16,561 | 15,677 |
| **Total Student Costs** | **218,428** | **476,517** | **657,063** | **668,686** | **674,393** |
| **Total Employment Costs** | **382,784** | **799,918** | **1,064,137** | **1,080,025** | **1,068,897** |

## 2. Impact Revenues

Impact revenues were estimated using the various taxes paid by Montanore, property tax revenues for residences of the in-migrating population, and commercial tax revenues as a result of increased commercial activity due to the expected in-migrants.

Property tax revenues were computed for in-migrating workers that would purchase homes in Lincoln County. Property tax revenue calculations assumed an average home price of $125,662 per in-migrating homeowner. The average home price value is a weighted average of existing single family and mobile home prices in Lincoln County.

Property tax per in-migrating homeowner was calculated by applying the property taxable rate of 3.3 percent, and a mill levy rate of 63 mills. Commercial taxable valuation was calculated at the 2003 commercial/residential ratio of 0.17 percent for each in-migrating worker in Lincoln County.

Table III.22, below, presents basic revenues that would be generated by in-migrating workers. Total basic revenues due to in-migrating workers is expected to increase from $67,125 in year one to $154,837 in year five. Non-basic revenues that would be generated by in-migrating workers are also shown. The total non-basic revenues due to in-migrating workers are expected to increase from $45,417 in year one to $88,596 in year five.

## TABLE III.22
### IN-MIGRANT COSTS – BASIC REVENUES

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Property Tax Revenues** | | | | | |
| Libby | 11,574 | 21,640 | 25,912 | 26,199 | 24,702 |
| Troy | 1,113 | 2,081 | 2,492 | 2,519 | 2,375 |
| Eureka | 390 | 730 | 874 | 884 | 833 |
| Rural Lincoln County | 32,498 | 60,761 | 72,758 | 73,561 | 69,359 |
| **Total** | **45,576** | **85,212** | **102,036** | **103,163** | **97,269** |
| **Commercial Taxes** | | | | | |
| Libby | 5,708 | 11,710 | 15,306 | 15,482 | 15,250 |
| Troy | 300 | 615 | 804 | 813 | 801 |
| Eureka | 156 | 319 | 417 | 422 | 415 |
| Rural Lincoln County | 15,385 | 31,560 | 41,251 | 41,727 | 41,101 |
| **Total** | **21,549** | **44,204** | **57,778** | **58,445** | **57,568** |
| **Total Basic Revenues** | **67,125** | **129,415** | **159,814** | **161,607** | **154,837** |

Table III.23, below, presents non-basic revenues that would be generated by in-migrating workers. Total non-basic revenues due to in-migrating workers is expected to increase from $45,417 during year one to $88,596 during year five.

**TABLE III.23**
**IN-MIGRANT COSTS – NON-BASIC REVENUES**

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Property Tax Revenues** | | | | | |
| Libby | 8,233 | 15,059 | 17,601 | 17,746 | 16,060 |
| Troy | 792 | 1,448 | 1,692 | 1,706 | 1,544 |
| Eureka | 278 | 508 | 594 | 599 | 542 |
| Rural Lincoln County | 23,117 | 42,282 | 49,420 | 49,829 | 45,094 |
| **Total** | **32,419** | **59,296** | **69,307** | **69,880** | **63,241** |
| **Commercial Taxes** | | | | | |
| Libby | 3,443 | 6,298 | 7,361 | 7,422 | 6,717 |
| Troy | 181 | 331 | 387 | 390 | 353 |
| Eureka | 94 | 172 | 201 | 202 | 183 |
| Rural Lincoln County | 9,280 | 16,973 | 19,839 | 20,003 | 18,102 |
| **Total** | **12,998** | **23,774** | **27,787** | **28,017** | **25,355** |
| **Total Non-Basic Revenues** | **45,417** | **83,070** | **97,095** | **97,897** | **88,596** |

Table III.24, below, shows total revenues, both basic and non-basic, for in-migrating mine workers. It increases from a projected total of $112,542 in year one to more than double that, $243, 433 in year five.

**TABLE III.24**
**IN-MIGRANT COSTS – TOTAL REVENUES**

| Area | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Property Tax Revenues** | | | | | |
| Libby | 19,807 | 36,699 | 43,513 | 43,945 | 40,762 |
| Troy | 1,905 | 3,529 | 4,184 | 4,225 | 3,919 |
| Eureka | 668 | 1,238 | 1,468 | 1,483 | 1,375 |
| Rural Lincoln County | 55,615 | 103,043 | 122,178 | 123,390 | 114,453 |
| **Total** | **77,995** | **144,508** | **171,343** | **173,043** | **160,510** |
| **Commercial Taxes** | | | | | |
| Libby | 9,151 | 18,008 | 22,667 | 22,904 | 21,967 |
| Troy | 481 | 946 | 1,191 | 1,203 | 1,154 |
| Eureka | 250 | 491 | 618 | 624 | 598 |
| Rural Lincoln County | 24,665 | 48,533 | 61,090 | 61,730 | 59,203 |
| **Total** | **34,547** | **67,978** | **85,565** | **86,462** | **82,923** |
| **Total Non-Basic Revenues** | **112,542** | **212,485** | **256,909** | **259,504** | **243,433** |

### 3. Net Fiscal Impact

Total costs to units of local government as a result of the Montanore Project would increase from $382,784 in year one to approximately $1.07 million in year five, when the mine and mill operations are at full production. Total property tax revenues would increase from about $202,500 in year one to nearly $5.9 million during year five. Net impact would therefore increase from -$180,242 in year one to over $4.8 million in year five. While not directly impacted by the Montanore Project, Sanders County receives $208,000 in gross proceeds tax in year four and $546,000 in year five. These data are portrayed in Table III.25, on the following page.

# TABLE III.25
## NET LOCAL GOVERNMENT FISCAL IMPACT DUE TO MONTANORE
**DRAFT FOR INTERNAL REVIEW**

| Subject | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|---|---|---|---|---|
| **Costs** | | | | | |
| Direct Worker Local Government Costs | 253,797 | 563,239 | 786,312 | 798,962 | 813,366 |
| Indirect Worker Local Government Costs | 128,987 | 236,679 | 277,825 | 281,063 | 255,531 |
| **Total Costs to Units of Local Government** | **382,784** | **799,918** | **1,064,137** | **1,080,025** | **1,068,897** |
| **Revenues** | | | | | |
| Montanore Taxes: | | | | | |
| Metal Mines License Tax (to Lincoln County[7]) | 0 | 0 | 0 | 215,000 | 565,000 |
| Gross Proceeds Metal Mines Tax (to Lincoln County[8]) | 0 | 0 | 0 | 832,000 | 2,184,000 |
| Gross Proceeds Metal Mines Tax (to Sanders County) | 0 | 0 | 0 | 208,000 | 546,000 |
| Montana Property Tax (C4 – land & improvements) | 10,000 | 740,000 | 1,290,000 | 2,060,000 | 2,060,000 |
| Montana Property Tax (C8 – business equipment) | 80,000 | 150,000 | 210,000 | 290,000 | 290,000 |
| Indirect Worker - Commercial Property Tax Revenues | 12,998 | 23,774 | 27,787 | 28,017 | 25,355 |
| Direct Worker - Commercial Property Tax Revenues | 21,549 | 44,204 | 57,778 | 58,445 | 57,568 |
| Indirect Workers - Residential Property Tax Revenues | 32,419 | 59,296 | 69,307 | 69,880 | 63,241 |
| Direct Workers - Residential Property Tax Revenues | 45,576 | 85,212 | 102,036 | 103,163 | 97,269 |
| **Total** | **202,541** | **1,102,485** | **1,756,908** | **3,864,505** | **5,888,432** |
| **Impact** | **-180,242** | **302,567** | **692,771** | **2,784,479** | **4,819,535** |

[7] According to MCA 15-1-501 the Montana Metal Mines License Tax is allocated as follows:
57% to the state general fund, 2.5% to the hard rock mining impact trust account,
8.5% to the hard rock mining reclamation debt service fund,
7.0% to the reclamation and development grants program state special revenue account, and
25.0% to the county or counties identified as experiencing fiscal and economic impacts.

[8] The allocation of the Montana Gross Proceeds Tax, a Class 2 Property Tax, was settled in the early 1990s. As reported by Mr. Joe LeForest, 80% is to be allocated to Lincoln County and the remaining 20% to Sanders County.

# IV. Impact Assessment

## A. Lincoln County

### 1. Description of Existing Conditions

#### a. Local Government Administration

The governing body at the county level is made up of the Lincoln County Board of Commisioners. It consists of three members, each of whom represents a portion of the county. All commissioners are elected by county voters and serve a 6-year term.

The commissioners meet every Thursday at the Lincoln County Courthouse, and occasionally in the Eureka area, according to 2005 minutes from the county Web site. The commissioners oversee county activities and work to ensure that citizens' concerns are met, federal and state requirements are fulfilled, and county operations run smoothly.

Other elected officials in the county include the county attorney, clerk of district court, sheriff, clerk and recorder, school superintendent, treasurer, public administrator, Assessor, coroner and two justices of the peace.

Overall, Lincoln County has 15 different departments to serve the public, including the court clerk, executive assistance, Superintendent of Schools, clerk and recorder, the Montana State University Extension Office, treasurer, county attorney, health department victim/witness program, county nurse, personnel department, weed department, emergency management, planning department and W.I.C. program. The total number of full time employees is 140.

#### b. Law Enforcement

Law enforcement services in the Lincoln County study area are provided by the Lincoln County Sheriff's Office, Montana Highway Patrol, Eureka Police Department, Troy Police Department, and Libby Police Department. There were a total of 30 full-time law enforcement officers in Lincoln County in 2003. There are 2 jail facilities in the study area – a 24-cell adult jail in Libby and a 4-bed juvenile holding facility in Troy.

Data on crime for Lincoln County were collected from the Montana Board of Crime Control. Table IV.1, on the following page, lists the number of index crimes[9] reported in Lincoln County from 1994 through 2004. The number of index crimes in Lincoln County decreased from 884 in 1994 to 691 in 2003. Almost 72 percent of the index crimes reported in 2003 were classified as larceny-theft crimes.

The crime rate indicates the number of crimes reported per 100,000 population. The crime rate in Lincoln County for violent crimes decreased from 184.8 per 100,000 people in 1994 to 366.4 per 100,000 people in 2003. The property crime rate declined from 5,260.9 per 100,000 people to 3,302.7 per 100,000 people over the same period.

[9] Index crimes or Part I crimes include the seven most serious crimes committed against persons and property.

**TABLE IV.1**
**NUMBER OF INDEX CRIMES REPORTED IN LINCOLN COUNTY**
**1994-2003**

| Year | Violent Crimes | | | | Property Crimes | | | Total | Crime Rate (per 100,000 population) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Homicide | Rape | Robbery | Aggravated Assault | Burglary | Larceny-Theft | Motor Vehicle Theft | | Violent | Property |
| 1994 | . | 4 | . | 26 | 130 | 673 | 51 | 884 | 184.8 | 5,260.9 |
| 1995 | 2 | . | 2 | 2 | 120 | 600 | 61 | 787 | 36.3 | 4,731.0 |
| 1996 | 1 | . | . | 17 | 47 | 149 | 15 | 229 | 100.6 | 1,178.7 |
| 1997 | 1 | 1 | . | 41 | 133 | 561 | 41 | 778 | 227.5 | 3,888.9 |
| 1998 | . | . | . | 19 | 10 | 51 | 1 | 81 | 887.0 | 2,894.5 |
| 1999 | . | 1 | . | 2 | 9 | 29 | . | 41 | 293.0 | 3,710.9 |
| 2000 | . | 10 | 1 | 26 | 46 | 336 | 24 | 443 | 192.4 | 2,111.0 |
| 2001 | . | 6 | 2 | 41 | 59 | 445 | 38 | 591 | 259.5 | 2,870.2 |
| 2002 | 6 | 9 | 3 | 48 | 96 | 483 | 34 | 679 | 347.6 | 3,228.2 |
| 2003 | 4 | 1 | 1 | 63 | 95 | 497 | 30 | 691 | 366.4 | 3,302.7 |

### c. Fire Protection

Fire protection in Lincoln County is provided by the following fire departments: the City of Libby Fire Department, Lincoln County Rural Fire Department, Bull Lake Volunteer Fire Department, Eureka Volunteer Fire Department, Trego-Fortine-Stryker Fire Service, Troy Volunteer Fire Department, Fisher River Valley Fire Service, McCormick Rural Fire Department, and Yaak Fire Service. The Libby rural/city Fire Department has 2 fire marshals and 28 volunteers, and the Troy rural/city Fire Department has 25 volunteers.

### d. Ambulance Services

Ambulance services are provided to the Troy/Libby/Eureka area via four companies listed in the 2004-2005 Libby phonebook. These are the Eureka Ambulance Service, Volunteer Ambulance Service and Troy Ambulance Service. In addition, the local hospital, St. John's Lutheran Hospital in Libby, also provides an ambulance service to the local area.

There are also four emergency air ambulance services for critical care needs listed in the 2004-05 Libby phonebook. These companies are AA Advance Air Ambulance, AAA-EMS Accredited Air Ambulance, AAAN Air Ambulance Anywhere Network and Air Care.

### e. Hospital and Long-Term Care Facilities

The Lincoln County health care facilities include the St. John's Lutheran Hospital – a critical access hospital in Libby. There are two federally qualified health care centers in Lincoln County: Prompt Care, a rural health clinic in Eureka, and Lincoln Community Health Services in Libby.

St. John's Lutheran Hospital in Libby is a not-for-profit 25-bed medical facility. The hospital has state-of-the-art equipment and offers 24-hour emergency care services. The other health care facilities in the area include the Libby Care Center for the elderly, Libby Clinic, Prompt Care, Women's Health Focus, Neuman Foot & Ankle Clinic and Lincoln County Radiology.

The Troy area medical facilities include the Medicine Tree Primary Care and the Troy Medical Arts Complex. Lincoln County is served by 15 licensed physicians, six nursing practitioners, three physician's assistants, eight dentists, and seven dental hygienists.

In 2005, the Community Health Center in Libby had been open for three years, and extreme growth for the agency is forecasted into the future. The program, funded by a federal grant, targets low-income clients. Billing for patients is conducted on a sliding scale. Some 80 percent of the federal grant which funds the center goes to subsidize this sliding scale system. Of the clinic's clientele, some 70 percent qualify for an income-based discount on services; 43 to 45 percent of these patients are uninsured. Though the sliding scale is in place, some payment is required, and the minimum fee for services is $5. It has been estimated that every ten insured patients seen by the clinic would pay for an additional three uninsured patients to be served. Over the January through March 2005 period, the clinic averaged 1,000 visits per month in the medical and dental clinics combined.[10]

**f. Local Physicians**

Thirteen physicians serve the Troy/Libby area with a variety of medical specialties, including family practice, internal medicine, obstetrics, podiatry, and urology. In addition, there are four chiropractic physicians and two optometrists in Libby. In Troy there is one physician specializing in family practice.

Four dentists serve residents in the Libby area and one dentist serves residents in the Troy area, according to the Libby 2004-2005 phonebook.

**g. Water Supply**

More than 50 percent of the households in Lincoln County use wells for their water supply. Approximately 4,750 households in Libby, 1,000 households in Troy and 1,100 households in Eureka are served by the municipal water system. The city of Libby obtains its water from Flower Creek. The city of Troy receives its municipal water supply from two wells and O'Brien Creek. Water service in Troy is obtained for a fee of $14 for residential and $19.39 for commercial service.

**h. Wastewater Treatment**

The city of Libby has operated a public wastewater treatment facility since 1964, and converted from a primary to a secondary treatment facility (i.e., an activated sludge oxidation ditch system) in 1985. In the city of Troy, sewer service is obtained for a fee of $34.27 for residential and $38.97 for commercial service.

**i. Solid Waste**

According to the Department of Environmental Quality,[11] Lincoln County was required in 1993 to close the landfill it had been using for the previous thirty years. In an effort to comply with EPA regulations regarding landfills, the county pioneered a program using computers and a bar code system to manage their municipal solid waste programs. The

[10] Winstrom, Jeanie. Email correspondence 06 April 2005.

[11] Source: Department of Environmental Quality, Montana [http://www.deq.state.mt.us/recycle/PAYT/paytNewsletter.pdf].

community decided to build an inert waste landfill and container site that would be operated by an outside contractor. A computerized system was developed to assess users of the site for the amount of waste they actually disposed of. The contractor would haul household waste from the container site to a licensed municipal solid waste landfill 70 miles away near Great Falls. The operation is now going on five years of operation.

**j. Utilities**

Residential telephone service in the Lincoln County study area is provided by Frontier, a subsidiary of Citizens Communications. The long distance service is provided by AT&T. Electric service for Libby is provided by Flathead Electric Co-op Inc. Lincoln Electric Co-op Inc. is an electric distribution cooperative headquartered in Eureka, providing electricity service to Northeast Lincoln. Northern Energy provides propane to the local area. Northern Lights Inc. is the electricity provider in the Troy area. Heating sources in the study area include fuel, oil, propane, wood, and electricity.

**k. Social Welfare**

The Human Services Office is located in Libby. Funding for the social welfare program comes from state, federal, and county sources; however, the state administers the program. Services include temporary assistance for needy families, food stamps, medical services, general assistance, and fuel assistance.

As per the 2000 Census, there were 770 families, or 14.2 percent of the county's families, below the poverty level in Lincoln County. This compares to a statewide poverty rate of 10.5 percent of all families.

Data on selected social welfare characteristics were collected from the Department of Health and Human Services (DPHHS), Montana. During fiscal year 2004, per capita cases per month for families receiving temporary assistance in Lincoln County was almost equal to the statewide average. The average monthly payment for needy families in Lincoln County was some $336 compared to $344 statewide.

Lincoln County had a higher rate of food stamp recipients, at 1.51 per capita cases per month compared to one per capita case statewide. The average value of food stamps per recipient in Lincoln County, at $87.1, was slightly higher than the statewide average of $84.9.

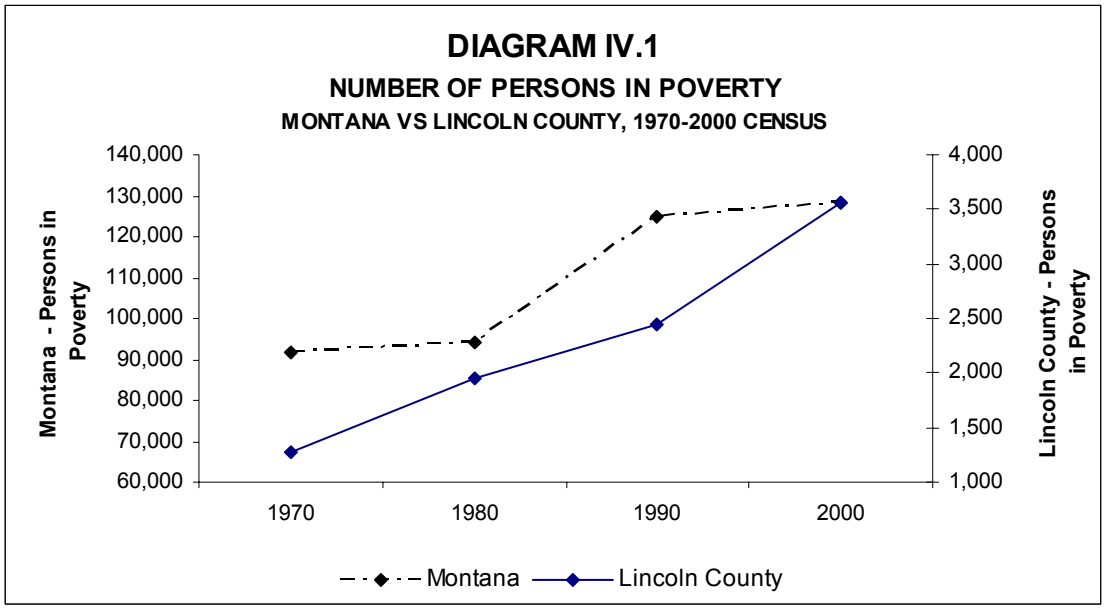
Medical assistance in Lincoln County, at 1.33 per capita cases per month, was higher than the 0.94 per capita cases statewide. However, the average monthly payment per case in Lincoln County, at $471, was lower than the statewide per capita payment of some $551. Table IV.2, on the following page, presents details of selected social welfare characteristics.

## TABLE IV.2
### SELECTED SOCIAL WELFARE CHARACTERISTICS
FISCAL YEAR 2004

| Category | Per Capita Cases* per Month | Average Monthly Payment – per case |
|---|---|---|
| **MONTANA** | | |
| Temporary Assistance for Needy Families | 0.07 | $344.0 |
| Food Stamps | 1.00 | $84.9 |
| Medical Assistance (MEDICAID) | 0.94 | $551.1 |
| Families below Poverty level (2000 Census) | | 10.5 |
| **LINCOLN COUNTY** | | |
| Temporary Assistance for Needy Families | 0.06 | $336.3 |
| Food Stamps | 1.51 | $87.1 |
| Medical Assistance (MEDICAID) | 1.33 | $471.0 |
| Families below Poverty level (2000 Census) | | 14.2 |

* Per capita cases based on July 2002 population estimate.

The total number of individuals in poverty in Lincoln County increased by 45.2 percent between 1990 and 2000. This compares to a statewide increase of 2.8 percent. The county's poverty rate of 19.16 percent compares to a rate of 14.61 percent for the state in 2000. Diagram IV.1, below, presents the number of persons in poverty, as per the decennial censuses from 1970 through 2000.




The number of individuals in poverty in the age group 6 to 17 years increased by over 58 percent over the last decade. Almost 56 percent of those in poverty in 2000 were in the age group of 18 to 64 years. Data on individuals in poverty by age are given in Table IV.3, on the following page.

## TABLE IV.3
### INDIVIDUALS IN POVERTY BY AGE
**MONTANA VS LINCOLN COUNTY, 1990 & 2000 CENSUS: SF3 DATA**

| SUBJECT | MONTANA | | | LINCOLN COUNTY | | |
|---|---|---|---|---|---|---|
| | 1990 | 2000 | % Change | 1990 | 2000 | % Change |
| Under 5 years | 13,980 | 12,174 | -12.92 | 255 | 279 | 9.41 |
| 5 years | 2,915 | 2,184 | -25.08 | 44 | 32 | -27.27 |
| 6 to 11 years | 15,634 | 14,875 | -4.85 | 337 | 485 | 43.92 |
| 12 to 17 years | 12,177 | 13,679 | 12.33 | 259 | 459 | 77.22 |
| 18 to 64 years | 67,714 | 75,074 | 10.87 | 1,288 | 2,008 | 55.90 |
| 65 to 74 years | 5,916 | 4,473 | -24.39 | 149 | 177 | 18.79 |
| 75 years and over | 6,517 | 5,896 | -9.53 | 118 | 118 | 0.00 |
| Total | 124,853 | 128,355 | 2.80 | 2,450 | 3,558 | 45.22 |
| Total for whom poverty status was determined | 776,793 | 878,789 | . | 17,315 | 18,568 | . |
| Poverty Rate | 16.07 | 14.61 | . | 14.15 | 19.16 | . |

**l. Public Libraries**

Lincoln County contains three public libraries. These are the Eureka Public Library, the Lincoln County Public Library in Libby, and the Troy Public Library.

**m. Commercial Services**

Libby is the largest incorporated municipality in Lincoln County. It is the major trade center in the county. The next closest urban center, Kalispell, is 89 miles east of Libby. Other larger cities within a few hours of Libby include Spokane, Washington, 132 miles away and Missoula, Montana, 190 miles away.

The major industries in Lincoln are lumber and wood products. Professional services, including attorneys, accountants, consulting engineers, builders, and contractors, are available in Libby. Three banks and two private credit unions serve the area residents.

As per the Montana Department of Labor and Industry, the top 10 private employers for Lincoln County during the third quarter of 2004, listed in alphabetical order, were Genesis Inc., Harlow's School Bus Service, Libby Care Center, McDonalds (Libby), Mountain View Manor, Owens & Hurst Lumber, Plum Creek Timber, Rosauer's Supermarkets, St John's Lutheran Hospital, and Stein's IGA.

**n. County Planning**

The Lincoln County Department of Environmental Planning prepared the Land Use Plan in 1982. The plan describes proposed land use patterns for the county as a whole and separately for each of five valleys where development may occur. Environmental planning in the Libby area is currently focused on two issues – the Air Pollution Control Compliance Plan and the Superfund Libby Groundwater Site Remedial Plan.

**o. Private and Non-profit Agencies**

As per the Libby Chamber of Commerce, there are at least 16 service organizations in the Libby area, including Kootenai Heritage Council, Kootenai River Development Council, Elks Lodge, Lions Club, Libby Rotary Club, American Legion, and VFW.

## B. City of Libby

### 1. Description of Existing Conditions

#### a. Local Government Administration

The city of Libby is governed by a six member elected council and a mayor. The City Council meets on the first Monday of every month at City Hall to discuss business. Councilors also hold a weekly breakfast meeting at Henry's Restaurant, with the purpose being for the public to keep the council in touch and updated in a less formal manner than a traditional meeting setting. No substantial discussion or decisions are made at the breakfast meetings.

There are seven departments in the city of Libby. These include a city clerk, building inspector, police, street maintenance, volunteer fire department, sewage treatment plant and water treatment plant. The city has 28 full time employees.

#### b. Law Enforcement

The city of Libby's first police department was organized in 1914 and operated until 1981. At that time the city of Libby elected to contract law enforcement services with Lincoln County. In 1996, the City Council decided, due to the escalating cost of the contract and the service being provided, to restore the Libby Police Department. On June 20, 1996, Clay Coker, a deputy with Lincoln County, was hired by the city of Libby as chief of police and was given the task of forming a police department. Brent Teske was hired a few days later as the first officer. On the morning of July l, 1996, they began their careers with the Libby Police Department.

In July 1996, three additional officers were hired and on Aug. 1, 1996, the Libby Police Department was in full operation with five officers. Currently, there are four officer positions. One is vacant and in the process of being filled. Each of the officers and the police chief has a patrol car.

Law enforcement services in Libby also include a 24-bed adult jail facility to house offenders.

#### c. Fire Protection

The City of Libby Fire Dept. and Lincoln Co. Rural Fire District #1 provide fire protection, public education, fire prevention and code management to the citizens of Libby and approximately 12 square miles in the surrounding rural area.

The department operates from one station located on Sixth Street between Mineral Avenue and Montana Avenue. The department operates with three Class A engines, three water tenders, one 4x4 wild land engine, utility van, hose/boom truck combination and a 1,500 GPM trash pump. This emergency service is staffed with 30 volunteers and two fire marshals.

Department training is held on Thursday nights at 7:30 p.m. The first Thursday of the month includes a business meeting at 8 p.m. Additional training is provided by Montana Fire Service Training School, National Fire Academy, and the U.S. Forest Service/Dept. of State Lands; other emergency services are available.

**d. Ambulance Service**

Ambulance services are via the Libby Ambulance Service, listed in the 2004-05 phonebook. In addition, the local hospital, St. John's Lutheran Hospital, also provides an ambulance service to the area.

There are also four emergency air ambulance services for critical care needs listed in the Libby phonebook. These companies are AA Advance Air Ambulance, AAA-EMS Accredited Air Ambulance, AAAN Air Ambulance Anywhere Network and Air Care.

**e. Water Supply**

Approximately 4,750 households in Libby are served by the municipal water system, the Libby Water Treatment Plant, which takes water from Flower Creek.

**f. Wastewater Treatment**

The city of Libby has operated a public wastewater treatment facility since 1964, and converted from a primary to a secondary treatment facility (i.e., an activated sludge oxidation ditch system) in 1985, due to federal health laws concerning wastewater treatment. It is designed to process up to 1.1 million gallons per day of waste.

**g. Solid Waste**

Solid waste collection in Libby is provided by an outside contractor. According to the Department of Environmental Quality,[12] Lincoln County was required in 1993 to close the landfill it had been using for the previous thirty years. In an effort to comply with EPA regulations regarding landfills, the county pioneered a program using computers and a bar code system to manage their municipal solid waste programs. The community decided to build an inert waste landfill and container site that would be operated by an outside contractor. A computerized system was developed to assess users of the site for the amount of waste they actually disposed of. The contractor would haul household waste from the container site to a licensed municipal solid waste landfill 70 miles away near Great Falls. The operation is now going on 5 years of operation.

According to the 2004-05 Libby phonebook, garbage collection is also provided by Kootenai Disposal, Lincoln County Sanitation or North Lincoln County Sanitation.

[12] Source: Department of Environmental Quality, Montana [http://www.deq.state.mt.us/recycle/PAYT/paytNewsletter.pdf].

## C. City of Troy

### 1. Description of Existing Conditions

**a. Local Government Administration**
A mayor and four member council is the governing body for the city of Troy. The mayor and council meet on the second and fourth Thursday of the month at Troy City Hall.

There are six departments in the city, which include the city clerk, city attorney and judge, courts, permits and fees, public works and cemetery. The total number of full time employees is 12.

**b.Law Enforcement**
Law enforcement services are provided by the Troy Police Department. Currently, there are two officers, a police chief and three patrol vehicles.

Troy law enforcement services also include a jail to hold up to four juvenile offenders. The jail facility was upgraded in 1990 with a grant.

**c. Fire Protection**
The Troy rural/city Fire Department has 25 volunteers and firefighting vehicles which include pumpers, water tenders quick response units and an equipment van. All vehicles are housed in the city Fire Hall in Troy.

**d. Ambulance Service**
Ambulance services are provided to the Troy area via the Troy Ambulance Service, listed in the 2004-2005 Libby phonebook. There are also four emergency air ambulance services for critical care needs listed in the 2004-05 Libby phonebook. These companies are AA Advance Air Ambulance, AAA-EMS Accredited Air Ambulance, AAAN Air Ambulance Anywhere Network and Air Care.

**e. Water Supply**
Approximately 1,000 households in Troy are served by the municipal water system. The city of Troy receives its municipal water supply from two wells and O'Brien Creek. Water service in Troy is obtained for a fee of $14 for residential and $19.39 for commercial service.

**f. Wastewater Treatment**
In the city of Troy, sewer service is obtained for a fee of $34.27 for residential and $39.19 for commercial service. Although residents relied on septic tanks for years, a new wastewater treatment facility was constructed in 2000 and it serves the entire city of Troy.

**g. Solid Waste**
The county has a solid waste collection program that is operated by using computers and a bar code system. It includes an inert waste landfill and container site that is operated by

an outside contractor. The contractor hauls household waste from the container site to a licensed municipal solid waste landfill 70 miles away near Great Falls. According to the 2004-05 Libby phonebook, garbage collection is also provided by Kootenai Disposal, Lincoln County Sanitation or North Lincoln County Sanitation.

## D. City of Eureka

### 1. Description of Existing Conditions

**a. Local Government Administration**
The city government is made up of a mayor and four councilors. The council meets on the second Monday of every month to discuss city business. The city population is just over 1,000 and there are only nine employees at the local government level. The departments include a clerk's office, assistant clerk, judge and public works.

**b. Law Enforcement**
The city of Eureka has its own police department, with three sworn officers. Each has a patrol car. Parts of rural Eureka are also patrolled by the Lincoln County Sheriff's Office.

**c. Fire Protection**
Fire Protection in Eureka is provided by the Eureka Volunteer Fire Department.

**d. Ambulance Service**
Ambulance services are provided to the Eureka area via the Eureka Ambulance Service, listed in the 2004-2005 Libby phonebook. There are also four emergency air ambulance services for critical care needs listed in the 2004-05 Libby phonebook. These companies are AA Advance Air Ambulance, AAA-EMS Accredited Air Ambulance, AAAN Air Ambulance Anywhere Network and Air Care.

**e. Water Supply**
Approximately 500 households in Eureka are served by the municipal water system. The city receives its municipal water supply from two sources, the Tobacco River and a deep basalt well. The city also operates a water and sewer district for approximately 100 homes just outside the city limits.

**f. Wastewater Treatment**
In the city of Eureka, sewer service is provided by a wastewater treatment facility. The charge is $28.67 for residential and commercial use.

**g. Solid Waste**
The county has a solid waste collection program that is operated by using computers and a bar code system. It includes an inert waste landfill and container site that is operated by an outside contractor. The contractor hauls household waste from the container site to a licensed municipal solid waste landfill 70 miles away near Great Falls. According to the 2004-05 Libby phonebook, garbage collection is also provided by Kootenai Disposal, Lincoln County Sanitation or North Lincoln County Sanitation.

## E. Libby School District

### 1. Description of Existing Conditions

Enrollment for Libby K-12 Schools declined by 18.3 percent, from 1,846 in 2001 to 1,509 in 2004. Elementary school enrollment experienced the largest decrease, a total of 227 students, middle school enrollment decreased by 37 students, and high school enrollment decreased by 73 students. School enrollment data was received from the Office of Public Instruction (OPI), Montana.

Currently, there are 107 teachers, 30 instructional aides, five guidance counselors, four librarians, one district level administrator and six school level administrators. The average teacher-student ratio in the district is 16 to 1. According to the Web site greatschools.net, Libby students are on track for meeting federal No Child Left Behind Act requirements for academic growth, student assessment, teacher qualifications and annual local report cards.

## F. Troy Elementary School District

### 1. Description of Existing Conditions

Actual school enrollment for Troy Public Schools declined overall by 13.3 percent, from 572 in 2001 to 496 in 2004.

Troy Elementary School District includes 316 students in grades K-8. Elementary school enrollment (grades K-6) decreased by a total of 19 students, middle school enrollment (grades 7-8) decreased by 21 students, and high school enrollment decreased by 36 students from 2001 to 2004.

Currently, there are 23 teachers, seven instructional aides, one guidance counselor, no librarians, one district level administrator and one school level administrator. The average student-teacher ratio in the district is 14 to 1.

Troy Elementary students are on track for meeting federal No Child Left Behind Act requirements for academic growth, student assessment, teacher qualifications and annual local report cards.

## G. Troy High School District

### 1. Description of Existing Conditions

Actual school enrollment for Troy Public Schools declined overall by 13.3 percent, from 572 in 2001 to 496 in 2004. High school enrollment decreased by 36 students. School enrollment data was received from the Office of Public Instruction (OPI), Montana.

Currently, there are 18 teachers, two instructional aides, one guidance counselor, one librarian, one district-level administrator and one school level administrator. The average student-teacher ratio in the district is 12 to 1.

Troy High School students are on track for meeting federal No Child Left Behind Act requirements for academic growth, student assessment, teacher qualifications and annual local report cards.

## H. Eureka Elementary School District

### 1. Description of Existing Conditions

Enrollment for Eureka Public Schools increased by 6 percent, from 813 in 2001 to 862 in 2004.

Eureka Elementary School District includes 476 students in grades K-8. Elementary school enrollment (grades K-6) increased by a total of 17 students and middle school enrollment (grades 7-8) decreased by 30 students.

Currently, there are 33 teachers, no instructional aides, two guidance counselors, one librarian, one district-level administrator and two school level administrators. The average student-teacher ratio in the district is 14 to 1.

Eureka Elementary students are on track for meeting federal No Child Left Behind Act requirements for academic growth, student assessment, teacher qualifications and annual local report cards.

## I. Lincoln County High School District

### 1. Description of Existing Conditions

Enrollment for Eureka Public Schools increased by 6 percent, from 813 in 2001 to 862 in 2004. Lincoln County High School enrollment increased by 62 students.

Currently, there are 24 teachers, no instructional aides, two guidance counselors, one librarian, one district-level administrator and one school level administrators. The average student-teacher ratio in the district is 15 to 1.

Lincoln County High School students are on track for meeting federal No Child Left Behind Act requirements for academic growth, student assessment, teacher qualifications and annual local report cards.